Consultation Report

LAND UTILIZATION
AND MARKET ANALYSIS
SOUTH OF MARKET REDEVELOPMENT AREA D-1
SAN FRANCISCO, CALIFORNIA

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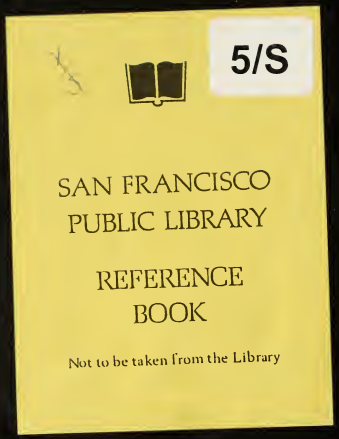
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ECONOMISTS · APPRAISERS · COUNSELORS

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SF
Redevelopment Agency

August 27, 1963

Mr. Henry F. Davis
Agency General Counsel
San Francisco Redevelopment Agency
525 Golden Gate Avenue
San Francisco 2, California

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Dear Mr. Davis:

We are submitting herewith our Market Analysis and Land Utilization Study for the South of Market Redevelopment Project D-1, in compliance with the contract dated April 5, 1963. In accordance with the contract arrangement, the reuse appraisal will be included in a subsequent report after your notice to proceed.

Five types of commercial development were analyzed in this report. These include shopping facilities, office space, parking structures, a manufacturing and wholesale group center and rehabilitation of existing hotels. The selection of these uses was premised on the basic objective to attain the highest and best land reuse within the scope outlined by our mutual agreement of March 29, 1963 and does not necessarily exclude the possibility of other uses.

I. SHOPPING FACILITIES

We believe the expected population growth in the Bay Area will result in increased business for some types of shopping goods outlets in the San Francisco central business district, and the Project Area can offer merchandisers the opportunity to provide new facilities in an area adjacent to the center of retail activity. While the Project Area has natural advantages afforded by good transportation access, we believe a major retail outlet would be needed to extend shopper traffic south of Market Street. Based on this condition, a shopping area containing as much as 290,000 square feet of floor space would be feasible by 1970.

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Corp.
Market analysis and land
utilization study, San
[1963]

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II. OFFICE SPACE

The growing importance of San Francisco as a headquarters city plus the need to fill a backlog in demand for new office space has resulted in a current boom in office building construction. Because of its convenience to the Financial District, the Golden Gateway Redevelopment Area should be able to satisfy the bulk of demand for office building sites through 1970. After that time, we believe that the South of Market Redevelopment Area will be in a favorable position to attract office building development. Barring an unforeseen downturn in economic conditions and assuming that plans for additional office buildings over and above present announcements will be offset by the attraction of new demand from sources outside the city, leaves an indicated demand for approximately 1.9 million square feet of rentable area by 1975. We believe that the Project Area will be able to attract as much as 75% of the potential for San Francisco's CBD alone. This amounts to 1.4 million square feet of rentable space or 1,750,000 square feet of gross floor area.

III. PARKING STRUCTURES

The impending redevelopment in much of the downtown area with office buildings will intensify the demand for automobile parking space. The Project Area will be within convenient walking distance of several of these new buildings as well as a number of existing buildings both on the north and south sides of Market Street. The bulk of demand for all day parking is currently served by parking lots scattered south of Market Street. In order to serve the parking needs created by private redevelopment plus public redevelopment proposed in this report, would require the addition of approximately 2,250 parking spaces by 1970 and an additional 2,300 spaces by 1975. To place the maximum

amount of parking space within convenient walking distance of the major source of demand concentrated along Market Street and several blocks to the north will require construction of multi level garages.

IV. MANUFACTURING AND WHOLESALE GROUP CENTER

Four industries were selected as potential prospects for a group center in the Project Area because of their present concentration in this area or special advantages offered by the location for their type of business. These include printers, apparel manufacturers, office furniture and equipment manufacturers and sporting goods manufacturers and wholesalers. These industries were surveyed by means of a questionnaire and there was good response from all except the sporting goods group. While there was favorable interest from the printers and apparel manufacturers, they did not show willingness to pay rents that would be higher than their current level. Undoubtedly, not all respondents will acknowledge the upper limit on a question of price, but we believe it would be unreasonable to assume that they would be willing to pay three to five times their current rents which would be the amount necessary to make new construction feasible. Also, most of the printers were unwilling to accept space on an upper floor of a multi story building which we believe would be the type of structure necessary to attain economic land use. Therefore, we do not believe the planning of new construction to serve these groups would be justified.

V. HOTEL REHABILITATION

The basic physical characteristics of existing hotels make them marginal prospects for rehabilitation. This is verified by the fact that most of these buildings have less than 50% of rooms with private baths and that the cost of rehabilitation to comply with minimum code requirements becomes excessive for class C buildings.

While several of the hotels in the area have undergone or will undergo rehabilitation, these ventures appear to be based on short term expectations. Based on analysis of expected income and expenses, a prototype hotel containing 150 rooms would show a net profit on operations but after allowing a return on and of the capital investment, the entrepreneur would suffer a loss. In other words, the cost of acquisition, based on current market price and cost of rehabilitation would make the rehabilitation of these buildings economically unfeasible as long-term investments.

Sincerely,

Edgar C. Hartnett, M.A.I.
Senior Appraiser-Market Analyst

ECH:dc

enc.

by ROY WENZLICK & CO.

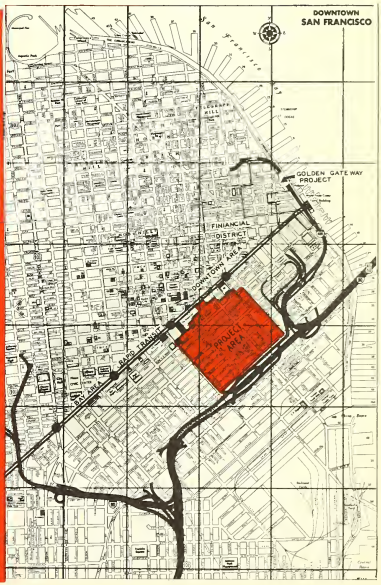
MARKET ANALYSIS AND LAND UTILIZATION STUDY

San Francisco, California

South of Market

Redevelopment

Project D-1



prepared for

SAN FRANCISCO
REDEVELOPMENT
AGENCY

M. JUSTIN HERMAN
EXECUTIVE
DIRECTOR

TABLE OF CONTENTS

Page

Introduction

Purpose of Project 1
Purpose of Study 1
Limiting Conditions 2
Description of Location & Project Boundaries 2
EXHIBIT:Project Area Map 3
Transportation Facilities. 4

I Shopping Facilities

Retail Sales of Shopping Goods in San Francisco and Its Metropolitan Area. 7
Projection of Shopping Goods Sales for San Francisco's CBD 16
Concentration of Shopping Goods Outlets in CBD 20
EXHIBIT : Major Retail Store Locations 21a
Possibility of Expanding Shopper Activity on the South Side of Market Street 26
Allocation of Floor Area 27
Parking Facilities 30
Conclusions. 33

II Office Space

Factors Influencing Demand for Office Space. 35
Correlation Between Office Space and Population 37
Absorption of New Office Space and Effect on Existing Buildings 40
CHART: Office Space Trend 41
Demand for Office Space Based on Expected Growth in Office Employment 45
Proposed Office Construction and Competitive Vacant Land 50
Project Area Compared With Other Locations 51
Summary and Conclusions 52

TABLE OF CONTENTS (cond.)

Page

III Parking Structures

Land Use Trend 59
Recommendations of Parking Study 59
Traffic as an Indicator 60
Parking Requirements Based on Floor Area 61
Basic Assumptions and Premises 63
EXHIBIT: Extent of Parking Area 64
Future Demand - 1970. 67
Supply of Parking Space. 68
Parking Rates 71
Correlation of Supply and Demand. 72
Demand by 1975 74
Conclusions. 77

IV Manufacturing and Wholesale Group Center

Printers and Lithographers 78
Apparel Manufacturers 81
Office Furniture and Equipment Manufacturers 84
Sporting Goods Manufacturers and Wholesalers 86

V Hotel Rehabilitation

Recent Hotel Rehabilitations. 87
General Demand 87
General Supply. 88
Physical and Economic Feasibility 88
Conclusions. 98

Appendix I - III

INTRODUCTION

The City of San Francisco, through its Redevelopment Agency, has initiated plans for the acquisition, redevelopment and rehabilitation of the equivalent of twelve superblocks comprising approximately 90 acres south of Market Street. The subject project is known as South of Market D-1.

PURPOSE OF PROJECT

There are two major purposes of this project:

1. To create a new environment for a portion of the south side of Market Street, thereby encouraging private redevelopment along that street and in the surrounding area.

2. To form a link with the Golden Gateway Project for improving the periphery of the central business district.

PURPOSE OF STUDY

The studies of this project conducted by Roy Wenzlick & Co. are in two phases and published as separate reports. The objective of the first phase, embodied in this report, is to make recommendations as to the highest and best use, that is, the most likely, profitable manner in which the land can be utilized; and an opinion of the future marketability of the land for these uses. This is based on an analysis of the principal factors influencing the demand for and general value of the land to be available for redevelopment including among other things such matters as environment, location transportation facilities and past and present supply and demand factors.

The objective of the second phase of our study which will appear in a subsequent report is the determination of the estimated fair market value of the various reuse sites.

The phrase "most likely use" represents the highest and best use of land consistent with the general plan for redevelopment. This study is not concerned with present use or with the economics of trying to justify the relatively high cost of acquiring the existing properties and undertaking redevelopment on a profitable basis. Neither is this report concerned with relocation of present occupants of the project area, and it is assumed that suitable standard facilities will be found for all who will require relocation.

LIMITING CONDITIONS

Forecasting, by its very nature involves an element of risk in attempting to predict the future based on experience of the past. Also, it has to be assumed that announced plans will be carried to fruition, even though experience proves that this is not always the case. More specifically, the general assumptions underlying this study are:

1. That neither San Francisco nor the nation will suffer a major economic decline before completion of the redevelopment.

2. The location and completion of the Rapid Transit System will be in accordance with present plans.

3. The redevelopment and completion schedule of the Golden Gateway Project Area will be substantially in accord with present plans.

DESCRIPTION OF LOCATION & PROJECT BOUNDARIES

The Project Area is located south of Market Street on the periphery of the central business district. The surrounding area is developed with a wide variety of uses, including: office buildings, retail stores, hotels, loft buildings, warehouses, manufacturing plants and residences.

The area lies immediately south of the concentration of retail facilities in the central business district. Its eastern boundary is on line with Montgomery Street, which is the heart of the Financial

South of market redevelopment project area 1
Boundary
Redevelopment area d
San Francisco, California
North
Lotta's Fountain
Market St.
Kearny St.
Grant Ave.
Stockton St.
Powell St.
Mason St.
Montgomery St.
Fifth St
Fourth St
Third St
Second St
Mission St
Howard St
Folsom St
Harrison St
Bryant St
Brannan St
Fifth St.
Fourth St.
Third St.
Second St.
South Park
South Park Ave.
Stillman St
San Francisco Oakland Bay Bridge
Harrison St.
Folsom St.
Howard St.
Mission St.
Second St.
Third St.
Fourth St.
Fifth St.
Bryant St.
Brannan St.

District. The southern boundary borders the edge of the San Francisco Skyway and adjoins an industrial district which lies to the south. The western boundary is formed by Fifth Street and the area to the west is developed mostly with industrial buildings, but there is a scattering of commercial uses as well. The northern boundary follows a line that forms with Jessie Street and, at one point, extends through to Market Street. Retail stores, loft buildings and office buildings comprise the commercial development on this part of Market Street.

TRANSPORTATION FACILITIES

1. Freeway Facilities and Street Access

The freeway system which serves downtown San Francisco, borders the southern boundary of the Project Area. This freeway connects directly with the Oakland Bay Bridge and the James Lick Freeway serving San Mateo County. Access to the Project Area is provided by an off-ramp which connects with Third Street. Direct access for west-bound traffic is provided by the on-ramp at Fourth Street. East bound traffic can obtain access by means of an on-ramp at Fifth Street.

The Project Area is served by a number of important streets. Market Street, of course, is the major thoroughfare serving the center of the central business district, but Mission Street actually carries a higher volume of traffic. Howard, Folsom and Harrison Streets are all wide thoroughfares carrying relatively high volumes of traffic. Third, Fourth and Fifth Streets give the best through access for north-south traffic. Third Street is a one-way street north, and Fourth Street is a one-way street south. Third Street is an important connector to the industrial and the Bayshore areas to the south and west.

2. Rapid Transit System

The Bay Area Rapid Transit System, which will serve San Francisco, Alamada and Contra Costa Counties, is scheduled to be in operation by 1970.

In order to anticipate the effect of Rapid Transit on the Project Area, several studies of existing systems in other cities have been used as references. The effect of the New York Subway System on land values was the subject of a doctoral dissertation written by Edward H. Spengler in 1930. While this is a very comprehensive work, its conclusions are based on changes in assessment values rather than actual property sales and rents. The author studied changes in land assessments between 1905 and 1929 and concluded that land located within close proximity to the subway increased in value in conformance with the general increase of land values for that period.

Homer Hoyt briefly discusses the effect of the elevated trains in the Chicago Loop in his classic study of 100 Years of Land Values in Chicago. Mr. Hoyt mentions that:

> "When the Lake Street elevated was finally extended to State Street, it was found that the thirty to forty thousand passengers poured daily from the stations at Wells, Clark and State Streets greatly increased the business of the stores on these streets running at right angles to Lake Street, but that they did not stop at all at the inside stores on Lake Street, which were therefore injured by the noise and elevated structure without receiving any benefit in return."

Mr. Hoyt's observation that the stores immediately under the elevated tracks were actually hurt by the noise is a hazard that will not exist for the Bay Area Rapid Transit System,

since it will be below grade level on Market Street. However, his comments that nearby stores greatly benefited by the pedestrian traffic should certainly apply to stores located between Market Street and the office buildings nearby.

The most recent comment about the effect of Rapid Transit on real estate values was included in a booklet published by the National Institute of Real Estate Boards of the National Association of Real Estate Boards in 1958, entitled Public Transportation in Your Community. Mr. W.E.P. Duncan, General Manager of the Toronto Transit Commission, is quoted as describing the effect of the Yonge Street Subway on real estate development as "startling, - values within two blocks of the subway have soared to between three and seven times the values before the subway was built".

The Rapid Transit System will have two stations in the downtown district, one at Montgomery Street, and the other at Powell Street near the east and west boundaries of the Project Area. The proposed station at Montgomery Street will be approximately 700 feet long, although it is indefinite at this time whether the Montgomery Street intersection will form the east or west limit of the station. The location of these stations will have the effect of concentrating pedestrian traffic between Montgomery and Powell Streets on the north side of Market, and between Fifth and New Montgomery Streets on the south side. The strategic location of the Project Area in relation to the transit stations, yields special advantages in addition to the general advantages expected. San Francisco's central business district will derive general benefit by reducing the commuting time to suburban areas, thereby having the effect of drawing these closer to the central core. To obtain the maximum benefit from close proximity to the Rapid Transit System will require redevelopment of the marginal land uses now found in this part of Market Street.

I SHOPPING FACILITIES

RETAIL SALES OF SHOPPING GOODS IN SAN FRANCISCO & ITS METROPOLITAN AREA

The growth of suburban areas with their own shopping centers since 1946, and the simultaneous loss of population in many central cities, have contributed to the decline in retail sales of the established central business districts. San Francisco's CBD has fared better than most with a 14% increase in general merchandise, apparel, and furniture (GAF) sales between 1948 and 1958, as derived from data shown in Table A-1. Considering that San Francisco's population declined by slightly more than 35,000 persons between 1950 and 1960, the growth in the city's retail sales is impressive. However, this increase was somewhat less than the 17% for the entire city and the 32% for the San Francisco-Oakland Metropolitan Area.

(While comparison of dollar volumes somewhat overstates actual sales volume, there is not enough difference to warrant adjustment. The Consumer Price Index using 1947-49 as a base, went from only 103.5 to 107.0 for apparel between 1948 and 1958, and remained almost level for housewares during this period.)

Table A-2 is based on the figures used in A-1, and allows a better comparison of the strength of the CBD in relation to the entire city and the metropolitan area. The CBD held its position as the dominant retail center in the city with its share of GAF sales at 66% in 1948, falling only to 65% by 1958. During the same period, the position of San Francisco's central business district as the buying center in the Bay Area waned somewhat because its share of GAF sales in the SMSA declined from 34% to 29%. This was due principally to the decline in the share of business attracted by downtown department stores, furniture stores and variety stores. The dispersion in sales for these outlets was partially overcome by an increased concentration of sales in the women's apparel stores in San Francisco's central business district. Current information is not available on sales for the central business district, but there are general indications that this dispersion of shopping goods sales continues based on retail sales statistics published

TABLE A-1

RETAIL SALES OF SHOPPING GOODS

IN SAN FRANCISCO

(000's Omitted)

	C. B. D.			Entire City			San Francisco - Oakland S.M.S.A.		
	1948	1954	1958	1948	1954	1958	1948	1954	1958
General Merchandise Stores	$107,663	$114,947[1]	$130,394	$146,095	$167,134	$197,708	$307,333	$336,177	$426,343
Department Stores	97,925	105,418[1]	116,845	125,161	145,025	165,873	245,797	252,977	326,245
Variety Stores	6,518	7,726	9,540	14,126	16,171	(D)	24,931	48,333	51,457
General Merchandise	3,220	1,803	4,009	6,808	5,938	18,547	36,605	34,607	46,843
Apparel-Accessory Stores	83,430	91,157[1]	96,690	120,679	113,449	120,256	209,902	223,085	251,315
Men's, Boys' Apparel	19,468	16,296[1]	21,915	25,739	22,897	25,420	48,057	47,343	57,277
Women's Clothing Specialty Stores	32,319	45,540[1]	57,395	58,285	50,938	67,876	94,936	93,259	119,182
Family Clothing & Other	19,431	18,183	8,335	20,922	23,546	12,073	36,587	42,884	31,722
Shoe Stores	11,614	10,586[1]	8,865	15,733	15,354	14,299	30,322	38,039	41,998
Furniture, Home Furnishings & Equipment Stores	36,683	33,688	32,432	76,604	80,346	83,670	161,601	203,674	219,027
Total GAF Sales	$227,776	$239,792	$259,516	$343,378	$360,929	$401,634	$678,836	$762,936	$896,685

Source: Bureau of the Census, U.S. Department of Commerce; Census of Business, for 1948, 1954, 1958.

[1] If sales of leased departments are allocated by type of outlet, revised sales figures for 1954 would be: General Merchandise - $124,506, Department Stores - $114,977, Apparel-Accessory Stores - $88,753, Men's, Boy's Apparel - $16,096, Women's Clothing Specialty Stores - $44,042, Shoe Stores - $9,880 (000's omitted).

(D) Withheld to avoid disclosure.

TABLE A-2

CHANGES IN CONCENTRATION
OF SHOPPING GOODS SALES

	San Francisco CBD As % of City's Sales			San Francisco CBD As % of SMSA Sales			Entire City As % of SMSA Sales		
	1948	1954	1958	1948	1954	1958	1948	1954	1958
General Merchandise Stores	74	69	66	35	37	30	48	50	46
Department Stores	78	73	70	40	42	36	51	57	51
Variety Stores	46	48	--	26	16	19	57	33	--
General Merchandise	47	30	22	9	5	9	19	17	40
Apparel-Accessory Stores	69	80	80	40	41	38	57	51	48
Men's, Boys' Apparel	76	71	86	40	34	38	54	48	44
Women's Clothing, Specialty Stores	55	89	85	34	49	48	61	55	57
Family Clothing & Other	93	77	69	53	42	26	57	55	38
Shoe Stores	74	69	62	38	28	21	52	40	34
Furniture, Home Furnishings & Equipment Stores	48	42	39	23	17	15	52	39	38
Total for GAF	66	66	65	34	31	29	51	47	45

by the State Board of Equalization for 1962. The share of business allocated for the CBD in Table A-3 is less than in 1958 and derived from the fact that department stores captured a lower percentage of total business and the share for the entire city was less in 1962 than in 1958.

While San Francisco's percentage of total shopping goods sales in the Bay Area has been decreasing, its business volume has been increasing. The individual exceptions to this are the family clothing, shoe stores, and furniture stores whose sales volumes were at a lower level in 1962 than in 1948. In the case of family clothing, this can be explained by the fact that patronage shifted to other types of outlets. In the case of shoe stores and furniture outlets, there is a greater tendancy for purchases of shoes and furniture to be made closer to the place of residence than for other types of shopping goods.

The general increase in business for San Francisco's CBD is principally due to its ability to draw customers from the entire Bay Area, and as population increases, its total potential increases. Table A-4 shows a comparison of retail sales per capita in San Francisco's central business district based on population in the city and the entire metropolitan area.

From 1948 to 1962 the sales of most types of shopping goods in San Francisco's central business district increased steadily based on the city's population and showed only slight declines based on population for the entire metropolitan area (sales per capita even increased in women's clothing stores).

Past experience has revealed that there is a close correlation between population growth and increases in retail sales, however, the effects of competition must also be taken into account.

TABLE A-3

GAF SALES FOR 1962

	San Francisco					SMSA		
	Taxable Sales*	Adjustment Factor	Adjusted Sales for City*	Share for CBD	Estimated Sales in CBD*	Taxable Sales*	Adjusted Sales*	CBD as Percent of SMSA
General Merchandise Stores	$205,139	108	$220,787	64	$140,690	$552,584	$606,100	24
Limited-price variety	19,007	100	19,007	45	8,553	63,016	63,016	14
Department and dry goods	179,457	105	188,430	68	128,132	459,002	481,952	27
Other general merchandise	6,675	200	13,350	30	4,005	30,566	61,132	7
Apparel Stores Group	117,309	110	129,096	76	97,878	265,905	292,495	33
Women's apparel	55,708	125	69,635	80	55,708	113,925	142,406	39
Men's apparel	25,229	115	29,013	80	23,210	60,267	69,307	33
Family apparel	19,745	70	13,821	65	8,984	40,187	28,131	32
Shoes	16,627	100	16,627	60	9,976	51,526	51,526	19
Household and Home Furnishings	55,880	125	90,366	37	33,435	197,577	246,971	14
Total GAF			$394,741	63	$272,003		$1,136,257	24

*(000's omitted)

Source: State Board of Equalization, Trade Outlets and Taxable Retail Sales in California, During 1962. May 6, 1963.

Note: Data has been revised to conform to census standard by using adjustment factors derived from comparison of Board of Equalization and census data for 1954 and 1958.

TABLE A-4

RETAIL SALES PER CAPITA IN SAN FRANCISCO'S CBD

	Based on San Francisco's Population				Based on S.M.S.A. Population			
	1948	1954	1958	1962	1948	1954	1958	1962
Population Estimates	775,000	760,000	745,000	745,000	2,100,000	2,500,000	2,700,000	2,944,300
General Merchandise Stores	$139	$163	$175	$189	$51	$50	$48	$48
Department Stores	126	151	157	172	47	46	43	44
Variety Stores	8	10	13	11	3	3	3.50	3
General Merchandise	4	2	5	5	1.50	0.75	1.50	1.50
Apparel-Accessory Stores	108	117	130	131	40	36	36	33
Men's, Boys' Apparel	25	21	29	31	9	6	8	8
Women's Clothing Specialty Stores	42	58	77	75	15	18	21	19
Family Clothing & Other	25	24	.11	12	9	7	3	3
Shoe Stores	15	13	12	13	5.50	4	3.25	3.50
Furniture, Home Furnishings, & Equipment Stores	47	44	44	45	17	13.50	12	11.25
Other Retail Stores								
Sporting Goods, Bicycle Stores	1.50	3.25	2.75	4.25	0.50	1	0.75	1
Camera, Photographic Supply Stores	3.25	5	6	7.50	1.25	1.50	1.50	2

Population estimates based on census reports for 1950 and 1960; Department of Finance estimates for 1955, 1959 and 1962.

Retail Sales based on Census of Business for 1948, 1954 and 1958; State Board of Equalization adjusted sales estimated for the CBD in 1962.

A. Population

There are three recognized sources of population projections in the Bay Area. Their projections for the six counties (San Francisco, Alameda, Contra Costa, Marin, San Mateo and Solano) that form the Standard Metropolitan Statistical Area are as follows:

	Corps of Engineers	Van Beuren Stanbery	Dept. of Finance
1970	3,223,000	3,496,000	3,608,600
1975	4,113,000	3,854,000	4,116,600

In the past Van Beuren Stanbery's projections have proved reliable but on the conservative side. For a study of this type, we believe it is appropriate to use the conservative rather than the highest projection.

In Appendix I-1, the growth pattern of the six counties is outlined. This shows that Alameda, Contra Costa and San Mateo Counties are expected to experience the greatest increase in population by 1975.

There are forces operating that will allow expansion of San Francisco's population and others that counterbalance these.

The Department of Finance and Van Beuren Stanbery have predicted that its population will increase to 750,000 by 1965, and will remain constant at that level through 1975. The Rapid Transit District predicts a decline to 730,000 for this period and the Corps of Engineers predicts an increase to 889,000. We are inclined to agree with the 750,000 projection for three reasons.

1. The city's population growth is largely dependent upon increasing the density of land use. While this is being accomplished by private and public residential redevelopment in some sections of the city, there is a counterbalancing move in other parts where residential structures are being replaced by commercial land uses. (The area south of Market Street is an example).

2. While San Francisco lost population between 1950 and 1960, the recent increase in apartment construction has tended to reverse this trend.

3. The Rapid Transit System is expected to be in operation by 1970 and will serve San Francisco, Alameda and Contra Costa Counties. This will reduce commuting time between the city and these east Bay counties, and, in effect, will draw them closer to the central core. Commuting time via public transit to the outer fringes of these counties is expected to be cut in half. The increased convenience will certainly make these areas more desirable as places of residence. Their lower land values will make them more attractive to builders and will allow lower rentals for new apartments than for those in the city.

Therefore, redevelopment promises to allow some increase in the city's population until 1970. After then the Rapid Transit System will have a tendancy to direct population expansion to outlying counties.

B. Competition

The principal sources of competition within the city are the Mission Street stores and Stonestown Shopping Center. Stonestown is a well-planned suburban shopping center that contains branches of The Emporium and Magnin's, in addition to a good complement of smaller stores. There is also adequate free parking space.

Mission Street has a string development of stores that extend between Army Street and the central business district. Included in this group is a Sears Roebuck store and Hale's Department Store. Mission Street has been a strong shopping district in the past (the 1958 Census of Business reported shopping goods sales of $40,798,000 and total sales of $66,487,000). It has an abundance of stores, but they are too spread out to offer the opportunity for good comparison shopping. Also, there is not adequate provision for off-street parking.

Two free-standing outlets form independent sources of competition because of their good facilities. These are the GET discount group located between Eucalyptus Drive and Sloat Boulevard and the Sears Roebuck store at Geary and Masonic Streets.

The effect of the foregoing sources of competition is already reflected in the approximate one-third share of shopping goods sales in the city that is being diverted from the central business district. The only additional important competition that can be established close to the CBD within the foreseeable future includes the proposed Japanese Trade and Cultural Center and the Fillmore Center in the Western Addition Redevelopment Area. The combined shopping goods business of these two sources should total about $18 million per annum.

All of these shopping centers are located in positions where they can intercept customers who live south and west of San Francisco's central business district, but no one of them can offer the complete selection and opportunity for comparison found in the central business district.

The second largest retail center in the Bay Area is Oakland's central business district. However, unlike San Francisco's CBD, its shopping goods sales were lower in 1958 than in 1948, and there are evidences that this decline has continued. Berkeley's CBD has not fared much better. The outlying shopping centers in Alameda and Contra Costa Counties are, no doubt, most responsible for this diversion of business but the record of sales in San Francisco's CBD indicates that its position is not as much affected by the new shopping centers as the central business districts of the smaller cities in the Bay Area. Actually, San Francisco's CBD does not receive much direct competition from new shopping centers for some types of merchandise as evidenced by the increase in sales in women's apparel stores between 1948 and 1962. This is less true, obviously, for merchandise where style is of minor importance, such as family clothing or where outlets are not customarily concentrated to a great extent in the CBD, such as furniture stores.

We believe this trend toward wider dispersion of shopping facilities will accompany the population expansion outside of San Francisco, but no single shopping area will be able to offer as much variety and quantity of merchandise as San Francisco's CBD.

PROJECTION OF SHOPPING GOODS SALES FOR SAN FRANCISCO'S CBD

Projections of future sales have been based on estimated expenditures per capita and projected population for the SMSA. Recent experience has shown that per capita expenditures for most shopping goods outlets have been rising rapidly. Increased expenditures can be attributed to rising personal incomes that have contributed to maintaining high sales volumes in spite of the effects of competition.

Experience has shown that shopping habits in some cases have changed since 1948. This is very apparent from comparison of the percentage factors as shown in Table A-2 developed for various types of retail outlets. Since it is so difficult to predict these patterns,

TABLE A-5

PROJECTED GAF SALES FOR
THE STANDARD METROPOLITAN STATISTICAL AREA

	Sales/ Capita	Population (000's omitted) 1970	1975
General Merchandise Stores	$206	$ 716,056	$ 793,924
Department Stores	164	570,064	632,056
Variety Stores	21	72,996	80,934
General Merchandise	21	72,996	80,934
Apparel-Accessory Stores	99	344,124	381,546
Men's, Boys' Apparel	24	83,424	92,496
Women's Apparel, Specialty Stores	48	166,848	184,992
Family Apparel	10	34,760	38,540
Shoes	18	62,568	69,372
Furniture, Home Furnishings, and Equipment Stores	84	291,984	323,736
		$1,352,164	$1,499,206

we have based our forecasts more on what past trends seem to indicate rather than attempt any allowance for radical changes.

Per capita sales for department stores in the CBD, based on the total population for the metropolitan area, declined between 1954 and 1958; but as outlined in Table A-4, this decline has been arrested in the past four years, and actually there has been a slight increase. We believe that the outward spread of department stores in reaction to postwar suburban growth will be interrupted for a while, and, in future years, therefore, the downtown department stores should be able to attain increased sales in conformance with population growth. The assignment of a lower per capita sales figure for the 1970 and 1975 projections reflects the expectation of some loss of business by downtown department stores to the new stores proposed for Western Addition, and some additional competition from new discount stores in suburban locations.

Per capita sales of variety and general merchandise stores in the CBD have remained constant since 1948, but we do not believe this position can be maintained in the face of increasing competition from discount stores in the outlying areas. Recently, three such stores have been established near San Leandro alone.

Women's apparel stores have exhibited the best record with per capita sales increasing between 1948 and 1958, and then falling slightly in 1962. In recent years, the downtown stores have been capturing about 40% of the total business volume for the metropolitan area. While we believe these stores cannot continue this record, their position should remain stronger than other outlets because of their competitive advantage in being able to offer the best opportunity for comparison shopping in the Bay Area which is an extremely important aspect for this type of merchandise.

Men's apparel stores in the CBD have also maintained a very strong position. We are predicting a slight decline in volume per capita to allow for the fact that for men there is a greater tendency to make purchases at stores more convenient to the place of residence.

The position of family clothing stores has declined considerably since 1948, and we do not believe it will improve because of competition from discount outlets. Therefore, a considerable reduction in sales per capita has been assigned.

Shoe stores in the CBD have shown a weakening position, and we believe this trend will continue under conditions of increased competition from other areas.

Customarily furniture stores are not as concentrated in the central business district as most other types of shopping goods outlets, and this is reflected in their low rate of capture for the metropolitan area. We believe the sales volume of this type of business will continue to decline slowly for stores located in the CBD.

Sporting goods and camera stores have been added to the study since there is a concentration of these outlets in the CBD and their sales have been increasing rapidly.

The assignment of future per capita amounts is mostly based on the past record, summarized in Table A-4, adjusted for the effects of competition and shifts in buying habits. Total GAF sales are projected to reach $290,200,000, which will be 21% of sales for the SMSA by 1970 as shown in Table A-6. This is a decline of 3% during a seven year period as compared with the 5% decline that took place during the ten years between 1948 and 1958.

We believe the Rapid Transit System will tend to encourage further population dispersion after 1970. This will increase population densities in Alameda and Contra Costa Counties and increase the feasibility of expanding retail facilities in these areas. San Mateo County's population is also expected to increase considerably even though it will not be included in the Rapid Transit District. This county has obtained the greatest portion of new industry in the Bay Area in recent years and has a good base for independent growth. It has several major shopping centers in existence and greater population density will encourage the development of more.

The growth pattern of shopping facilities does not follow a steady trend but, over the long term, develops rather by fits and starts in response to changes in population concentration and buying habits. We believe that the next extensive increase in development of major shopping centers will not occur until after 1975 when population densities in suburban areas have increased sufficiently to support additional major concentrations. For these reasons, only a slightly lower rate of capture of 20% of SMSA shopping goods sales is being forecast for the CBD by 1975, and the population increase is expected to increase the GAF sales volume to a projected $298,000,000.

We have attempted to balance elements of conservatism and confidence in developing these projections of future sales for San Francisco's central business district. A conservative practice was followed by applying declining sales per capita for most types of outlets in spite of the fact that there is some evidence that inflation has tended to offset the effects of competition with higher dollar value of sales. Our confidence in the future of the central business district is expressed in a continuation of its position as the most important concentration of shopping facilities in the Bay Area and a rising volume of sales. However, to retain this position, we believe it will be necessary to establish a certain amount of new facilities supported by adequate inexpensive parking space in order to be more competitive with suburban shopping centers.

CONCENTRATION OF SHOPPING GOODS OUTLETS IN CBD

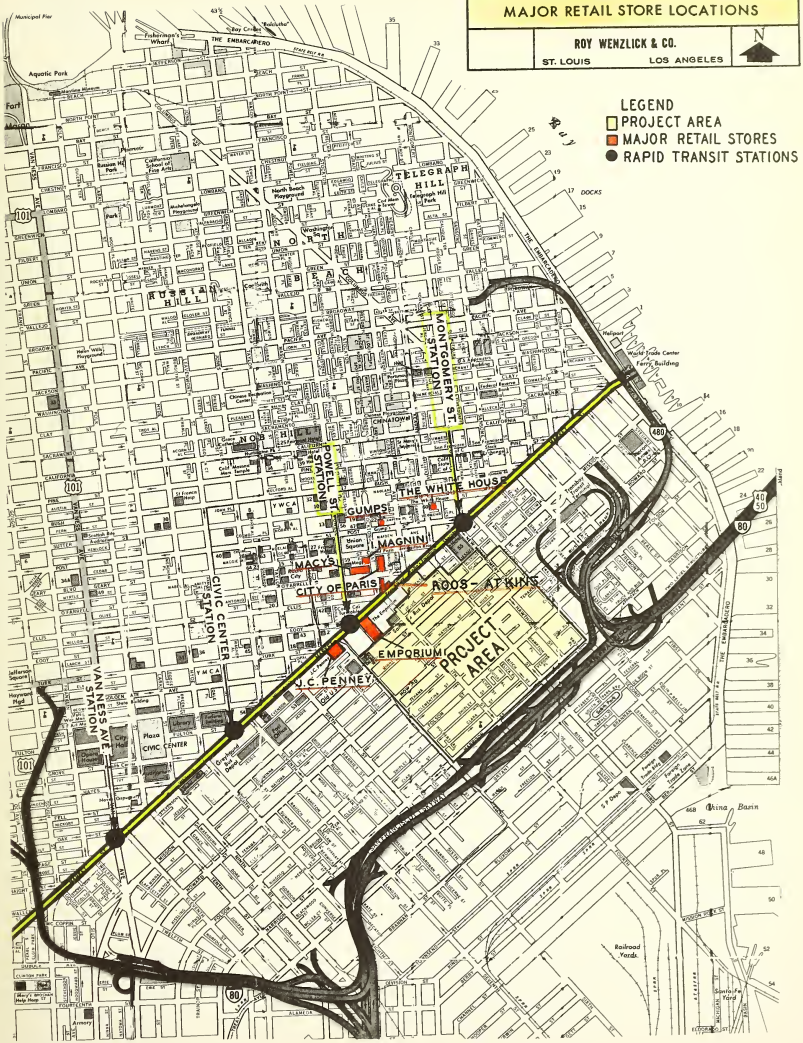
The heart of San Francisco's shopping district is separated by Market Street into two sections. The part on the north side extends to Sutter Street between Grant and Powell Streets. The part on the south side extends along Market Street with the most important facilities being concentrated between Fourth and Sixth Streets.

TABLE A-6

RETAIL SALES PROJECTIONS FOR SAN FRANCISCO'S CBD
BASED ON POPULATION PROJECTIONS FOR THE SMSA

	1970 (Pop. - 3,476,000)*			1975 (Pop. - 3,854,000)*		
	Estimated Sales per Capita	Estimated Sales (000 omitted)	Percent of SMSA Sales	Estimated Sales per Capita	Estimated Sales (000 omitted)	Percent of SMSA Sales
General Merchandise Stores	$44.50	$154,700	25	$43.25	$162,800	21
Department Stores	41.00	142,500	25	39.00	150,300	24
Variety Stores	2.50	8,700	12	2.25	8,700	11
General Merchandise	1.00	3,500	5	1.00	3,800	5
Apparel-Accessory Stores	30.00	104,200	30	30.75	106,900	28
Men's, Boys' Apparel	7.00	24,300	29	7.00	27,000	29
Women's Clothing, Specialty Stores	18.00	62,600	38	17.00	65,500	35
Family Clothing & Other	2.00	6,900	20	1.25	4,800	12
Shoe Stores	3.00	10,400	17	2.50	9,600	14
Furniture, Home Furnishings, & Equipment Stores	9.00	31,300	11	7.50	28,900	9
Total GAF Sales		$290,200	21		$298,600	20
Other Retail Stores:						
Sporting Goods, Bicycle Stores	1.00	3,500		1.00	3,900	
Camera, Photographic Supply	2.00	6,900		2.00	7,700	
		$300,600			$310,200	

* Source of population projections: Van Beuren Stanbery.


SAN FRANCISCO, CALIFORNIA
MAJOR RETAIL STORE LOCATIONS
ROY WENZLICK & CO.
ST. LOUIS LOS ANGELES
N
LEGEND
PROJECT AREA
MAJOR RETAIL STORES
RAPID TRANSIT STATIONS
TELEGRAPH HILL
NORTH BEACH
RUSSIAN HILL
NOB HILL
MONTGOMERY ST. STATION
POWELL ST. STATION
POWELL ST. STATION
CIVIC CENTER STATION
VAN NESS AVE. STATION
THE WHITE HOUSE
GUMPS
I. MAGNIN
MACY'S
CITY OF PARIS
ROOS-ATKINS
EMPORIUM
PROJECT AREA
J.C. PENNEY
Plaza
CIVIC CENTER
Aquatic Park
Fort Mason
Municipal Pier
Fisherman's Wharf
THE EMBARCADERO
DOCKS
Ferry Building
World Trade Center
Marina Barrn
Railroad Yards
Stanford Yard

The north area includes four of the major department stores (Macy's, City of Paris, The White House, Roos-Atkins) and most of the specialty shops offering fine quality merchandise, such as I. Magnin, Gump's, Brooks Bros., and Abercrombie and Fitch. The Emporium and J. C. Penney form the major sources of drawing power for the south side of Market and in combination with the Woolworth store on the northeast corner of Powell Street concentrate shopper activity at the Fifth-Powell crossing. (Hale's Department Store recently vacated a building included in this complex). These stores cater more to the mass market than those in the north section and the adjoining specialty shops generally offer lower priced merchandise than those located north of Market Street.

Grant Street intersects the north side of Market Street opposite the access corridor to the main portion of the Project Area. The major sources of drawing power on Grant Street include:

N/E	Corner Grant & Market - Wells Fargo Bank
N/W	Corner Grant & Market - Regal Shoe Store
N/W	Corner Grant & O'Farrell - Wells Fargo Bank
S/E	Corner Grant & Geary - H. Liebes
N/E	Corner Grant & Geary - Livingston Bros.
S/W	Corner Grant & Maiden Lane - Saks Fifth Avenue
S/W	Corner Grant & Post - Brooks Bros.
N/E	Corner Grant & Post - White House

The north side of Market Street between Kearney and Stockton has a high concentration of shoe stores and apparel shops. The ground floor space in some of these buildings has been modernized and the stores present an above average appearance. The names of these businesses and the type of merchandise offered are as follows:

North Side of Market Street
Grant to Stockton

Address	Name of Business	Merchandise
750	Regal Shoes	shoes
754	The Custom Shop	shirtmakers
756	Florsheim Shoes	shoes
760	Phelan Building	office entrance
764	Thom McAn	shoes
768	Robinson's	luggage
770	Lilli Ann	dress shop
	Roos-Atkins	department store

North Side of Market Street
Grant to Kearny

	Wells Fargo Bank	
742	Bankers Investment Bldg.	entrance
740 a	Stamp Company	
740	Western Union	
738	Sidney's	men's apparel
734	Pecks	liquor store
732	Stegler Bros.	custom tailors
726	Lane Bryant	women's apparel
722	Jarman's	men's shoes
720	Lundstrom	men's hats
718	Price's	men's shoes
710	Bank of America	
706	Citizens Federal Savings	

N/W Corner Market & Kearny - new Citizens Federal Savings Bldg. (under construction)

N/E Corner Market & Kearny - Home Mutual Savings (new bldg.)

The strongest drawing power on the south side of Market Street is The Emporium department store located between Fourth and Fifth Streets. There is a concentration of specialty shops in this block, but east of Fourth Street, the type and quality of retail outlets changes. In this block adjoining the proposed corridor to the Project Area, there is only one shopping goods outlet and there is less evidence of modernization in this block.

South Side of Market Street
Third to Fourth Street

Address	Name of Business	Merchandise
	East of Corridor	
701	Owl Drugs	
703	Central Tower	office building
705	Dr. E. F. Lazarus	optometrist
711	Carl Wilke	restaurant
715-19	Morris Plan	
721	Fun center	amusement
725	Land Bros.	sporting goods
	Hub Theater	movie theater
729	Greyhound	ticket office
	Bancroft Building	office building
735	Schwabacher Frey	stationery
	Properties Within the Corridor Area	
741-43	Grant Market	groceries
745	Vacant	
	H. Nannizzi & Sons	groceries
753	Fashion Bazaar	women's apparel
755		entrance to loft bldg.
	Gift Fair	sandwich shop
	Al Pollack's	restaurant &
	Main Stem	tavern
765	Golden Rule Cafe	sandwich shop
767		entrance to loft bldg.
	Fun House	hot dog stand
		magazine stand
	Edward's Camera Co.	

Address	Name of Business	Merchandise
775	Juliettes	women's apparel
777		clothing
	Paris Theater	movie theater
	West of Corridor	
783	Bank of America	
785	Humboldt Building	entrance
S/E	Corner Market & Fourth - parking lot	
	South Side of Market Street Fourth to Fifth Street	
801	Thom McAn	men's shoes
805	Merrill's	drug store
807	Fabric Center	fabrics
809	Hall of Card's Inc.	greeting cards
813	Crocker Anglo Bank	
817	Hartfield's	women's apparel
821	Pacific Building	entrance for offices
825	Lerner Shops	women's apparel
831	Millen's	jeweler
833	Commercial Building	entrance for offices
	The Emporium	
	Vacant (formerly Hale's)	
875	Grayson's	women's apparel
879	Leeds Shoes	women's shoes
885	Zukors	women's apparel
887	Diamond Palace	jeweler
891	Manning's	restaurant
	Burts Shoes	women's shoes
	United Shopping Center	luggage
S/W	Corner Market & Fifth Street - J. C. Penney Department Store	

POSSIBILITY OF EXPANDING SHOPPER ACTIVITY ON THE SOUTH SIDE OF MARKET STREET

The south side of Market Street actually offers more natural advantages for convenient access than the area north of Market. The majority of shoppers in San Francisco use public transit to reach the central business district. Since the major proportion of these vehicles are routed on Market Street, shoppers alight on the south side of the street.

For those arriving by automobile there is better access to the south side of Market Street via the freeway or Mission Street than to the area north of Market. The streets are wider and there is less traffic congestion. Also, there is more parking space and at cheaper rates than in the garages north of Market. The existing access advantages will be further expanded by the introduction of the Rapid Transit System. The corridor leading to the Project Area from Market Street will be within convenient walking distance of both of the downtown stations at Powell Street and Montgomery Street, each within two blocks. Market Street now acts as a barrier to pedestrian crossings, but underground Rapid Transit stations should overcome this barrier for its travelers by allowing equal choice for pedestrian access to both sides of the street.

Furthermore, the opportunity exists under a redevelopment program to increase these natural advantages of the Project Area in relation to transportation access by developing parking facilities in such a manner that pedestrian traffic would be directed through a retail center in order to reach Market Street.

Except for the relatively small concentration of stores near The Emporium and J. C. Penney, shoppers have to cross to the north side of Market in order to reach the concentration of shopping facilities in the CBD. They are doing this now simply because that is where they have to go in order to buy some types of merchandise, or to attain greater opportunity for comparison.

The Emporium already acts as a strong drawing power for the south side of Market Street and the J. C. Penney and Woolworth stores help to maintain the concentration at the Powell Street crossing. The success of a retail center south of Market Street depends basically on the overall future potential of the central business district, but more specifically, this depends on its capacity to expand the drawing power exerted by the existing shopping goods outlets opposite the Powell Street intersection and to make the best use of the natural advantages inherent in the location.

ALLOCATION OF FLOOR AREA

The six department stores currently operating in San Francisco's central business district contain almost two million square feet of floor area. Information obtained from the State Board of Equalization reveals that the seven department stores (which included Hale's) in the central business district had a total sales volume of approximately $122,000,000 in 1962. This figure does not include sales in leased departments and after applying an adjustment factor of 105, based on comparison with census data in 1954 and 1958, results in a total volume of $128,100,000. Based on a total floor area of 2,075,535, San Francisco's downtown department stores produced average sales of $63.70 per square foot, which is above what is considered to be the normal average at $60.

The following table shows a rising trend in dollar sales volume per square foot since 1948.

TABLE A-7

SALES FOR SEVEN DOWNTOWN DEPARTMENT STORES
WITH TOTAL FLOOR AREA OF 2,075,535 SQUARE FEET

Year	Reported Sales	Adjusted Sales	Average Sales Per Square Foot
1962	$122,000,000	$128,100,000	$63.70
1961	118,175,000	124,083,000	61.70
1960	114,680,000	120,414,000	59.88
1958	116,845,000	---	58.10
1954	105,418,000	114,977,000	57.17
1948	97,925,000	107,925,000	53.67

SOURCES: Data for 1948, 1954 and 1958 from Census of Business (1948 and 1954 figures revised to include sales in leased departments not included in original data).

Data for 1960, 1961 and 1962 derived from information from State of California, Board of Equalization.

However, we believe this rising trend eventually will be curtailed as the functional deficiencies in some of the stores start to retard their growth. Several of the existing stores have floor layouts that interfere with free flow of shopper traffic and handicap merchandise display and handling. This condition not only reduces sales potential but also increases operating expenses.

Table A-6 shows projections of department store sales in the CBD of $142,500,000 by 1970 and $150,300,000 by 1975. Assuming that the space formerly occupied by Hale's will not be reoccupied

by a department store, total floor area has been reduced to 1,934,935 square feet. In order to attain these sales volumes, the existing stores would have to average sales of more than $73 per square foot by 1970 and almost $78 by 1975. We do not believe the existing stores, as an average, will be capable of attaining such high volumes, and consequently, department store sales would fall short of their total potential by some $7 million to $15 million annually between 1970 and 1975 unless 100,000 to 200,000 square feet of new floor space is provided.

There are no hard and fast rules that can be used to determine what quantity of floor space a department store can help support in adjoining stores. Much depends on the merchandising policy of the department store, general competitive conditions, and quite frequently the negotiating skill of the manager of the retail center.

The percentages applied in Table A-8 are derived from our observation of the distribution of floor space in adjoining stores as a percentage of department store floor area in new shopping centers.

Greater than normal percentages of floor area have been allocated for apparel stores because of the promising economic outlook for these outlets and their importance in the CBD.

Even though shoe stores, as a group, are expected to experience a decline in the central business district, the concentration of shoe stores on the north side of Market Street indicates the desirability of this location for this type of outlet. The general outlook for variety stores in the central business district is not very promising, but we believe this location offers special advantages for this type of business. In the case of family clothing stores, furniture stores, and general merchandise stores, we do not believe the location offers sufficient advantages to offset the prospects for declining business. Camera stores and sporting goods stores, as examples of other types of retail outlets, should have favorable business conditions in the future. Other retail stores selling merchandise such as jewelry, gifts, stationery, toys, records, etc., would be appropriate additions to the center and have been grouped as "Other Retail Outlets".

The fact that the major portion of retail sales projected for this center has been derived from the expected growth in overall potential for the central business district alleviates the probability of adverse effects on existing businesses. Only in the instance of variety stores has the allocation of floor area considerably exceeded the amount indicated by projection of future sales. In the case of apparel stores, the amount of space specified is based more on appropriate size in relation to a department store than on potential sales.

PARKING FACILITIES

The importance of parking space as a supporting factor for modern merchandising cannot be overemphasized. The success of suburban shopping centers can be attributed as much to their provision for free parking as to their convenience to the new subdivisions. The Project Area offers better automobile access than other parts of the central business district and thereby affords the opportunity to attract customers who are now patronizing suburban shopping centers if convenient, inexpensive parking is available.

Convenience and cost are the most important elements for shopper parking. Here also, the Project Area offers unusual opportunities to achieve maximum convenience and relatively low rates for downtown parking (presumably an average of 10¢ to 15¢ per hour).

Various standards are used to estimate the amount of parking area required for retail centers. One is the relationship between gross floor area and parking space per square foot. Another is based on the number of car spaces that should be provided per 1,000 square feet of floor area. A third standard which generally applies to department stores is one parking space per 200 square feet of sales area. However, these rules of thumb have been developed to apply to suburban shopping centers rather than downtown areas.

TABLE A-8
ALLOCATION OF FLOOR AREA FOR RETAIL CENTER

	Expected Increase or Decline in Annual Sales 1962-1970 (000's Omitted)	Average Sales Per Sq. Ft.	Additional Floor Area Required (Sq. Ft.)	Percent of Department Store Space	Estimated Floor Area (Sq. Ft.)
Department Stores	$14,368	$70	205,250	-	200,000
Variety Stores	147	40	3,700	10	20,000
General Merchandise	- 505	50	-	-	-
Women's Apparel Stores	6,892	65	106,000	19	38,000
Men's Apparel Stores	1,090	65	16,700	5	10,000
Family Clothing Stores	- 4,184	50	-	-	-
Shoe Stores	424	70	6,000	4	8,000
Furniture and Equipment	- 2,135	50	-	-	-
Sporting Goods	346	75	4,600	1	2,000
Camera Stores	1,290	75	17,200	1	2,000
Other Retail Outlets	-	-	-	5	10,000
					290,000

The availability of good public transportation reduces the need for parking space serving downtown retail stores. Even the published parking ratio for the Stonestown Shopping Center, which is a semi-suburban center, is only 1.2 square feet of parking area to 1 square foot of floor space. The complex of department stores and specialty shops near the Fifth and Market intersection have a total floor area of more than one million square feet. Parking space within convenient walking distance totals about 775,000 square feet, most of which is in the Fifth and Mission Parking Garage. This gives these stores a ratio of about .75 square feet of parking space to 1 square foot of floor area. The City Parking Authority is planning to expand the Fifth and Mission Garage, so apparently the existing parking space is inadequate.

Based on these standards, we believe a ratio of 1 square foot of parking to 1 square foot of floor area should be adequate for the proposed retail center. So, approximately 290,000 square feet of parking space will be required to serve a retail center of the size proposed in the previous section of this report.

In order to provide better convenience and use the land most economically, a multilevel parking garage is recommended. The Fifth and Mission Garage provides about 340 square feet per parking space. A new $5\frac{1}{2}$-level garage constructed in Beverly Hills a couple of years ago provides an average of 309 square feet per car. A new self-service garage serving a downtown department store in St. Louis has an average of 343 square feet per space. The San Francisco Parking Authority is planning on the basis of 400 square feet per space in its new garages.

Using an average of 350 square feet per space would provide 828 spaces, but if the average is increased to 400 square feet, then only 725 spaces would result. If the higher average is used, then we would suggest that total parking area be increased to 330,000 square feet.

CONCLUSIONS

The foregoing analysis indicates that San Francisco's central business district has experienced a decline in its percentage of the total shopping goods sales in the metropolitan area; but at the same time, its dollar volume of sales has been increasing for most types of outlets. The increases in volume can be attributed to two factors: a rising level of personal income that has increased sales per capita and a rising population in the metropolitan area, thereby creating a greater source of buying power. The decline in percentage of sales captured by the CBD is the result of competition from the new shopping centers established in surrounding counties to serve the expanding population. But San Francisco's central business district has benefited from the population increase because of its ability to draw patrons from the entire metropolitan area. This is especially true for types of merchandise such as apparel for which the opportunity for comparison is such an important factor.

We anticipate that there will not be as many large shopping centers developed in suburban areas during the next ten to fifteen years as there have been since 1946. Consequently, the decline in the percentage of total business being done in the central business district should not be as great as in recent years.

The success of the proposed retail center will depend on its ability to draw patrons south of Market Street. The establishment of convenient inexpensive parking facilities will be one important factor in implementing this objective, but we believe the center will also need its own source of drawing power.

There is good reason to believe that the strength of the existing retail concentration near Fifth-Powell Streets can be extended along the south side of Market Street between the two proposed Rapid Transit Stations. But in order to establish a circulation pattern that will extend south of Market, a department store or major retail store of equal drawing power will be needed to serve as a nucleus for the proposed center. Based on expected increases in

sales volume by 1970, a 200,000 square foot store would be justified. A store of this size would also help to support an additional 90,000 square feet of floor area distributed in various types of shopping goods outlets.

II OFFICE SPACE

Typically, the central business district contains the greatest quantity of office space in a city and if there is a single land use that characterizes the highest and best use for the core area it is the office building. There has been a certain amount of dispersion to suburban areas in recent years, but wherever management personnel are concentrated, there will tend to be a similar concentration of supporting professions and service groups. At this stage of city development, the downtown area in most cities continues to be the best location for most types of offices; and this is especially true in San Francisco. Now that the peak of the suburban housing and shopping center boom has passed, at least for a time, attention has returned to the central core. New office construction that was almost completely neglected for more than two decades has returned to the center of attention in real estate development.

FACTORS INFLUENCING DEMAND FOR OFFICE SPACE

There are several factors that have been contributing to the office building boom occurring throughout the country.

1. The need to fill the backlog in demand created by the virtual absence of office construction during the thirties and forties.

2. The rapid increase in the number of white collar workers.

3. The trend toward utilization of more space per worker.

4. Prestige value of new office space, and the need to replace obsolete space.

During the depression years, and the war years immediately following, new office construction was practically at a standstill. It was not until the latter part of the fifties in most cities that any significant quantity of new space was constructed. That this new space was readily absorbed is evident by a national vacancy rate of about 6% with long-term vacancies typically found in pre-1925 structures. While the backlog in demand has been satisfied in many cities, the remaining factors outlined previously have played a role of increasing importance in the growth outlook for new office buildings.

A recent article in The Wall Street Journal relates that the nation's white collar work force increased from about 20 million in 1947 to 30 million by 1962; an increase of about 50%. The increase has been greatest in the professional and technical group -- 112%; followed by clerical workers whose number has increased by 40%. The effects of automation promise to replace an increasing proportion of clerical workers, but recent experience shows that the elimination of clerical workers has been more than offset by the addition of technical workers on a broad scale.

The effect of innovations on use of office space due to internal changes in the type of personnel employed and the use of office equipment was described in an article reprinted in the May, 1963 issue of The Mortgage Banker.

> "Various tendencies operating to increase office space per worker have also been a sustaining influence. These include a rise in the proportion of professional and technical people in the office force (who average more floor space than clerical workers); an increase in the use of office machinery (which itself requires room--often more expensive than that occupied by mere people); and the growing acceptance of such extras as libraries, health departments, reception areas and employee dining rooms."[1]

1. Ayre, Michael B., Building and Business; F.W. Dodge Corp.

Profitable business conditions, favorable depreciation provisions in the tax system, and the desire to establish a prosperous image have been cited as the principal reasons for companies to construct expensive office buildings in prominent locations. In most instances of this type either all or the greatest portion of a building is occupied by the owner, but there are many tenants who have shown a desire and a capacity to upgrade their office space if it is available.

We believe all of these factors can be appropriately applied to the demand for new office space in San Francisco and will continue to do so as long as business conditions remain stable. As new space has come on the market, it has been readily absorbed in central office cities like New York and San Francisco. That the demand for office space is most sensitive to fluctuations in the business cycle is evidenced by the high vacancy rate during the depression of the thirties. A review of the vacancy statistics prior to 1930, does not give any warning of what was in prospect for that decade, and we do not know of any way to predict the action of the business cycle within the next ten to fifteen years. However, since the maximum vacancy rates were not reached until some five or six years after the stock market crash in 1929, and a number of other business indicators had suffered severe setbacks, there was a greater warning time for those who were planning new office buildings than for other types of undertakings. Accordingly, this factor is not being taken into consideration in developing projections for future demand.

CORRELATION BETWEEN OFFICE SPACE AND POPULATION

A study made a few years ago for the Washington State Highway Commission in cooperation with the Bureau of Public Roads included some significant conclusions about the relationship between population and office space. The authors used statistics derived from June issues of Skyscraper Management between 1946 and 1956, supplemented by direct questionnaires. The sample

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included 100 cities. The results showed a high correlation between reported office space and urbanized area population ("r" values were approximately .90). Admittedly, the basic data contained some deficiencies because not all office buildings are included in space reported by the National Association of Building Owners and Managers, but the results of the questionnaires indicated that about 70% of office space in central business districts was included.[1]

Another interesting conclusion from this study applicable to San Francisco is that as a city becomes larger it accumulates office space at a greater rate than it acquires population. Such cities as Denver, Atlanta, San Francisco and Seattle, in addition to those between Boston and Washington, D. C., were cited as examples of cities that occupy places of central importance where this condition especially applies.

Table B-1 shows almost a continual increase in office space per capita in the New York and San Francisco Metropolitan areas.[2] However, there are deficiencies in the data which have the effects of overstating the rate of increase and understating the amount of space. As mentioned earlier, the Skyscraper Management data do not include all office buildings because not all are members of the association, but about 90% of rentable space is represented in the most recent San Francisco figures. (The declines in space reported in San Francisco between 1930 and 1940, and in New York between 1940-1950, can be most likely attributed to changes in membership). Another cause of understatement is that government buildings are not included . Therefore, the State Annex Building built in 1960 and the new Federal Building under construction have been eliminated from consideration.

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1. Horwood, Edgar M. and Boyce, Ronald R., Studies of the Central Business District and Urban Freeway Development. University of Washington Press, Seattle, 1959. Pages 46-57.

2. The San Francisco Metropolitan Area includes six counties: San Francisco, Alameda, Contra Costa, San Mateo, Marin and Solano.

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TABLE B-1

SUPPLY OF OFFICE SPACE
COMPARED WITH POPULATION
IN SAN FRANCISCO - OAKLAND

(000's Omitted)

	Office Space (Sq. Ft.)			Metropolitan Area Population	Sq. Ft. of Office Space Per Capita
	San Francisco[1]	Oakland[3]	Total		
1963	16,919	3,523	20,442	3,000[2]	6.8
1960	15,263	3,439	18,702	2,783	6.7
1955	12,791	2,391	15,182	2,564[4]	5.9
1950	11,603	2,001	13,604	2,206	5.3
1940	6,888	451	7,339	1,462	4.7
1930	6,934	917	7,851	1,348	5.1

SUPPLY OF OFFICE SPACE
COMPARED WITH POPULATION
IN NEW YORK - NORTHEASTERN NEW JERSEY

(000's Omitted)

	Office Space (Sq. Ft.)[1]			Metropolitan Area Population	Sq. Ft. of Office Space Per Capita
	New York	Newark	Total		
1963	97,163	1,111	98,274	15,000[2]	6.6
1960	89,251	976	90,227	14,761	6.1
1950	56,238	2,379	58,617	12,912	4.5
1940	61,628	760	62,388	11,661	5.4
1930	40,886	-	-	10,859	3.8

[1]National Association of Building Owners and Managers, January 1st, 1929 Survey of Rental Conditions, and Skyscraper Management June issues of 1940, 1950, 1955, 1960, 1963.

[2]Estimated

[3]Wendt, Paul F., The Dynamics of Central City Land Values - San Francisco and Oakland, 1950 to 1960; Institute of Business and Economic Research, University of California, Berkeley: 1961. (Used as source for 1950, and 1960. Figures for 1955 and 1963 estimated. Building owners and managers association data used for 1930 and 1940.)

[4]Department of Finance estimate.

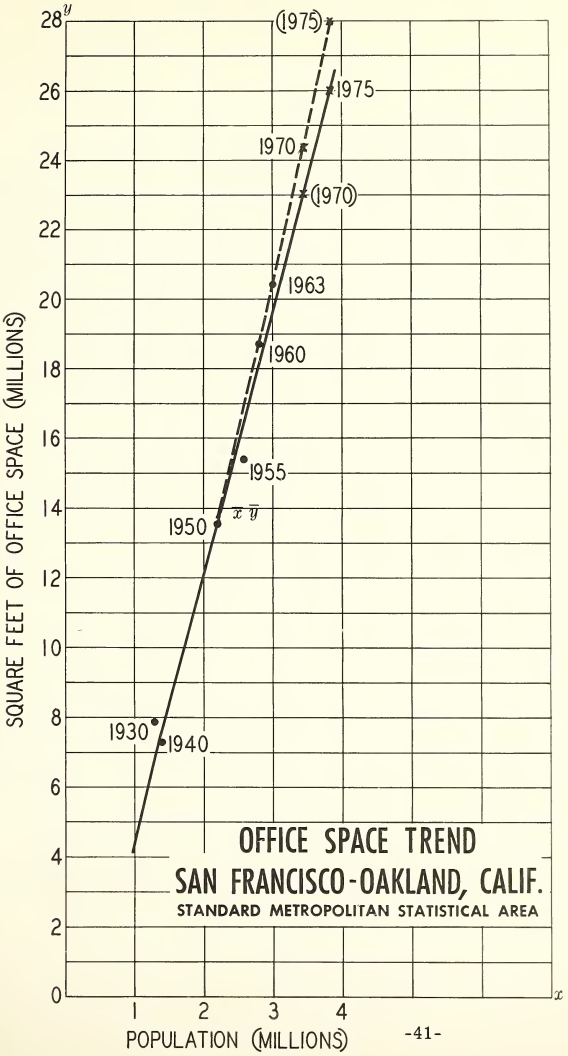
The tendency for overstatement in the rate of increase per capita is reflected in the fact that a number of existing buildings have been added to the reports of the Building Owners and Managers Association in San Francisco since 1950. This is apparent because the difference between the space reported in 1950 and 1963 is over five million square feet and new construction added slightly less than three million square feet.

If the data were adjusted to allow for these factors, the quantity of office space per capita in the San Francisco Metropolitan area would be increased to about 7.5 square feet and the per capita amounts for previous periods would be increased.

The chart on the following page shows two trend lines that have been plotted from data included in Table B-1. The long-term trend, which includes the depressed period between 1930 and 1950, shows a projection of total office space for San Francisco-Oakland of 23 million square feet of rentable area by 1970 and 26 million by 1975, as calculated in Appendix II-1 by the method of least squares, and using Van Beuren Stanbery's population projections. The shorter term trend, based on data from 1950 to 1963, when projected to 1970 and 1975 (by observation) results in total rentable space of 24.5 million and 28 million square feet for the same time periods. Dividing these figures by 90% to correct for buildings not reporting adjusts the projections to 27,222,000 square feet by 1970, and 31,111,000 by 1975, which are equivalent to 7.8 and 8 square feet per capita for these two periods.

ABSORPTION OF NEW OFFICE SPACE AND EFFECT ON EXISTING BUILDINGS

The current office building boom has caused fears by some that we are overbuilding. The immediate absorption of new space in San Francisco does not support this contention. The vacancy rate has been maintained at a safe level even though it is more than double the very low 2.13% that existed in 1950. Vacant space has increased by 610,266 square feet since 1949, but typically it is located in older buildings, some of which are nearing the end of their economic life.


SQUARE FEET OF OFFICE SPACE (MILLIONS)
POPULATION (MILLIONS)
y
x
28
26
24
22
20
18
16
14
12
10
8
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2
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1
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3
4
(1975)
1975
1970
(1970)
1963
1960
1955
1950
$\bar{x}\ \bar{y}$
1930
1940
OFFICE SPACE TREND
SAN FRANCISCO-OAKLAND, CALIF.
STANDARD METROPOLITAN STATISTICAL AREA

Table B-2 shows an interesting comparison between office construction activity in New York on Manhattan Island and San Francisco - Oakland (excluding government offices). Based on population increases by periods, there has been a much greater construction of space per capita in New York than in San Francisco. For the period between 1950 to 1959, San Francisco and Oakland were building new space at the rate of only 3.15 square feet per capita compared with New York's 17.30. If the period is extended to include the boom year of 1960 in San Francisco, the rate for the thirteen years increases only to 5.66 square feet per capita. According to this comparison, construction of new space in San Francisco-Oakland since 1950 has not even kept pace with the population increase in the metropolitan area.

Table B-3 combines data on total office space, new construction, and vacancy to give a synopsis of the absorption of new office space and its effects on existing buildings between 1949 and 1963. The data have been divided into three-year periods in order to represent the normal period required for planning and construction of an office building.

There has been a total of 2,964,819 square feet of new office space constructed in the City of San Francisco and an increase in vacancy of 610,266 square feet since 1950. Of particular interest is the comparison of the effect of the introduction of new space and changes in the amount of vacant space shown in columns 6 and 8. Most of the new construction occurred after 1955, and for the six-year period from 1956 to 1961, almost 2.3 million square feet of space was built and vacancy increased by about 434,000 square feet. During the next two years, vacancy declined and no new construction took place.

Column 9, which shows the net absorption by three-year periods, is composed of new construction minus vacant space, which has been adjusted for vacancy in additional existing space reported. (The additions of existing buildings through most of the period have had

TABLE B-2

NEW OFFICE CONSTRUCTION
COMPARED WITH INCREASES IN POPULATION

SAN FRANCISCO - OAKLAND

(000's Omitted)

		New Office Space (Sq. Ft.)			Population Increase In SMSA	Per Capita Construction Sq. Ft.
		San Francisco	Oakland	Total		
	1950 - 1959	1,322	497	1,819	578	3.15
	1960 - 1962	1,643	726	2,369	161	14.71
Total	1950 - 1962	2,965	1,223	4,188	739	5.66

NEW YORK (MANHATTAN)

(000's Omitted)

	New Space Manhattan Sq. Ft.[2]	Population Increase Met. Area	Per Capita Construction Sq. Ft.
1925 - 1929	17,165	1,250[1]	13.73
1930 - 1939	14,758	801	18.42
1940 - 1949	1,164	1,251	.93
1950 - 1959	31,989	1,849	17.30

[1] Population increase estimated.

[2] Real Estate Board of New York.

TABLE B-3

ABSORPTION OF OFFICE SPACE
IN SAN FRANCISCO
(square feet)

Year	1 Total Office Space	2 3 Year Increase in Space Reported	3 Vacancy Rate (%)	4 Ascribed Vacancy of Increase in Space Reported	5 New Office Space Constructed	6 3 Year Totals of New Space	7 Vacant Office Space	8 3 Year Increase or Decrease in Vacancy	9 Net Absorption by 3 Year Periods	10 Average Net Absorption per Year
1949	11,581,000						181,540			
1950	11,603,000		2.13		50,229		247,440			
1951	11,821,000		2.31		46,000		273,062			
1952	12,538,000		2.37		122,856		296,546			
		957,000	2.27	21,724		219,085		115,000	125,803	41,934
1953	12,640,000		1.96		83,000		247,320			
1954	12,801,000		3.31		6,000		424,232			
1955	12,797,000		3.11		361,218		398,010			
		259,000	2.79	7,226		450,218		101,464	355,980	118,660
1956	13,289,000		2.98		157,705		396,360			
1957	13,459,000		1.77		338,145		238,495			
1958	13,958,000		3.07		76,532		428,081			
		1,161,000	2.60	30,186		572,382		30,071	572,497	190,832
1959	14,457,000		4.15		80,080		608,248			
1960	15,263,000		5.74		420,508		876,092			
1961	16,298,000		5.17		222,546		842,602			
		2,340,000	5.02	117,468		1,723,134		414,521	1,426,081	475,360
1962	16,985,000		4.93				837,360			
1963	16,919,000		4.68				791,806			
		621,000	4.80	29,808				-50,796	80,604	40,302
TOTAL		5,338,000				2,964,819		610,266		

the effect of adding to the amount of vacant space reported. We have made an effort to offset this by ascribing vacancy to the additional space by applying the three-year average vacancy rates with the results shown in column 4).

The average net absorption per year has ranged as high as 475,360 square feet for the period between 1959 and 1961. We believe that it could have been higher for other periods if the space had been made available.

DEMAND FOR OFFICE SPACE BASED ON EXPECTED GROWTH IN OFFICE EMPLOYMENT

A recent study of the California Department of Employment projects increases of about 20 - 22% for the period 1962 to 1965 in white collar employment in the Bay Area.

The highest rate of growth is expected for the professional-technical groups, and while automation should replace some clerical workers, demand for this type of employment also is expected to remain strong.

Only rough estimates can be made of the number of office occupants in downtown San Francisco, because the census data on employment is by place of residence. Although, the California Department of Employment published some statistics on employment by industry and by census area for the City of San Francisco for 1958 which can be used as a guide in determining the concentration of office employment in the CBD. These are summarized in Table B-4 and estimates have been made of the percentage of office employees in the four industries that employ the greater part of white collar workers (excluding government).

Higher percentages were applied to the manufacturing and utilities industries located downtown in an attempt to reflect the likelihood that a greater number of these employees would be in office buildings than in plants.

TABLE B-4

EMPLOYMENT BY LOCATION
SAN FRANCISCO - SMSA
1958

	S.M.S.A.			EAST OF VAN NESS SOUTH OF MARKET		
	Total	% Office Employment	Estimated Office Employees	Total	% Office Employment	Estimated Office Employees
Manufacturing	197,700	38	75,126	46,900	45	21,100
Transportation, Communication, Utilities	109,100	20	21,820	52,700	35	18,440
Finance, Insurance, Real Estate	67,400	100	67,400	42,400	100	42,400
Services	184,200	60	110,520	57,700	60	34,620
			274,866			116,560
Estimated Professional & Self-employed			31,090			15,540
Adjusted Total			305,956			132,100

The estimated number of downtown office employees totals 116,560 which is almost 43% of the total for the SMSA. The total number of office occupants is obviously understated by this analysis because it excludes professional men and other self-employed persons. To correct this, one-half of the number of physicians, dentists, lawyers, accountants and other self-employed listed in the 1960 Census have been added as office occupants in the downtown district.

In Table B-5 the number of office occupants in the SMSA is estimated from census data categorized by occupation. This approach gives a more accurate estimate of total office occupancy than Table B-4 although there are some inherent deficiencies since not all engineers, managers, professional men or clerks occupy office space.

Our projections for employment by 1970 and 1975 are based on the percentage of the total population each occupation represented in 1960 with some changes made for expected proportionate increase in professional and technical occupations, a continuation of current percentage for managerial occupations, and a temporary increase in the percentage of clerical workers between 1965 and 1970. It is estimated that 95% of the persons in these occupations use office space which results in projections for office occupants in the SMSA as 455,525 by 1970 and 501,790 by 1975.

Additional office space constructed in San Francisco since 1958 has increased the concentration of office workers in the central business district by about 1%. So for purposes of projection, the allocation for the central business district is 45%. Applying this percentage to the totals for the SMSA in Table B-5 results in an estimated 205,000 office occupants by 1970 and 225,800 by 1975.

It is important to note, however, that these estimates will include ALL office space. While major office buildings will contain the greater proportion there will continue to be a certain amount of office space in factories, lofts and small office buildings in the downtown district that would have to be excluded to obtain a more accurate estimate.

TABLE B - 5

ESTIMATED OFFICE OCCUPANTS
IN SAN FRANCISCO - OAKLAND SMSA

	1950[1]	1960[2]	1965[2]	Per Cent of Total SMSA Pop	Projected for 1970	Per Cent of Total SMSA Pop	Projected for 1975
Engineers & technical	14,639	30,720	37,590	1.35	46,900	1.75	67,500
Physicians	4,346	6,130	7,330	.25	8,800	.25	9,600
Dentists	1,635	2,020	2,440	.09	3,000	.10	3,800
Accountants	11,829	14,440	17,320	.60	20,800	.60	23,100
Authors, editors & reporters	2,619	2,860	3,450	.11	3,800	.11	4,200
Lawyers & judges	3,517	4,700	5,750	.20	6,900	.20	7,700
Salaried managers	40,015	74,830	83,220	2.70	93,800	2.70	104,000
Clerical workers	155,922	222,510	266,840	8.50	295,500	8.00	308,300
TOTALS	234,522	359,210	423,940		479,500		528,200
ESTIMATED 95% ARE OFFICE OCCUPANTS					455,525		501,790

[1] Census; General Social and Economic Characteristics

[2] 1965 employment projections derived from Manpower Resources of the San Francisco - Oakland Bay Area published May 1963 by Department of Employment, State of California

1975 total population estimated as: 3,854,000
1970 total population estimated as: 3,476,000
1960 total population in SMSA: 2,783,355

The 1960 issue of the Office Building Experience and Exchange Report shows that the 91 office buildings studied in San Francisco contain an average of 117.6 square feet of office rentable area per person. To allow for increases in the use of space per worker, the averages are being increased to 119 square feet for 1970 and 122 for 1975.

From data developed in Tables B-4 and B-5 there were an estimated 150,000 office workers in the downtown district in 1960. Allowing an average of 117 square feet per person means that a total of 17,550,000 square feet of rentable space was required to accommodate this many workers. In 1960, the San Francisco Building Owners and Managers Association reported a total rentable area of 15,263,000 square feet in their members' buildings. Assuming that this represented approximately 90% of the office buildings, the corrected total would be 16,958,800 square feet. If: 16,958,800 ÷ 17,550,000 = 96.6%, then for purposes of this study, this percentage is being allowed to represent the portion of office space in the downtown district concentrated in office buildings.

Therefore, future demand for San Francisco office space based on employment projections is estimated as follows:

Year	Number of Office Occupants	Sq. Ft. of Space Per Occupant	Total Space Sq. Ft.	Percent in Office Buildings	Estimated Rentable Space Office Bldgs. Sq. Ft.
1970	205,000	119	24,395,000	96.6	23,565,500
1975	225,800	122	27,547,600	96.6	26,611,000

PROPOSED OFFICE CONSTRUCTION AND COMPETITIVE VACANT LAND

At this time, there is almost three million square feet of new office space proposed or under construction in the central business district of San Francisco. The following list outlines the buildings that are under construction, or that are in the planning stage.

PROJECTED NEW BUILDINGS
FOR SAN FRANCISCO

Building	Estimated Completion Date	Total Net Rentable Area (Sq. Ft.)	Estimated Company Occupied Space (Sq. Ft.)
Hartford	1964	410,000	198,000
Alcoa	1965	400,000	40,000
111 Pine Street	1965	200,000	---
Standard Oil Company of California	1965	257,000	165,000
Bank of California	1966	160,000	72,000
Wells Fargo Bank	1965-66	500,000	25,000
Fox Theater Site	1966-67	500,000	---
Montgomery at Columbus		475,000	---
		2,902,000*	
Pacific Telephone & Telegraph Co.	1964	441,400	441,400
TOTAL		3,343,400	

*Source: Building Owners and Managers Association of San Francisco - letter of July 12, 1963.

In addition, sufficient land will be made available during the next few years in the Golden Gateway Redevelopment Area for reuse as office building sites that will allow construction of an additional two and one-half million square feet of floor space. In Western Addition Area A-2, several blocks on Van Ness Avenue most likely will be redeveloped with office buildings. If all of these projects are completed as planned, there will be almost six million square feet of new office space introduced on the market by 1970 - 75.

PROJECT AREA COMPARED WITH OTHER LOCATIONS

At present, Market Street seems to act as a psychological as well as a physical barrier for expansion of office use and development on the south side. The notable exceptions are the new Bank of America Service Center at Market and Van Ness, the Pacific Telephone and Telegraph structure under construction at Folsom and Hawthorn, and the proposed Standard Oil Company building at Market and Ecker. Existing buildings south of Market rent for about 5 cents per square foot per month less than comparable buildings north of Market. Occupancy in the Mission Street buildings, which includes loft space used for offices, averages 88% as compared with 96% for the Financial District.

Most of the new space proposed or under construction will be located in the Financial District or on the north side of Market Street. The finance - insurance - real estate group is the fastest growing industry in the Bay Area, and because of its present concentration in the Financial District, the nearby Golden Gateway Project Area will be able to serve its expansion requirements. The transportation, communication, and utilities group is well represented south of Market Street now, but the Department of Employment does not expect any appreciable expansion in this industry during the next few years.

On the other hand, the Project Area has several advantages which enhance its competitive position in comparison with other locations:

a. The acquisition cost of cleared land will be much less than developers are currently paying for sites containing improvements.

b. It will be convenient to the downtown Rapid Transit Stations.

c. It will have good access from the Freeway.

d. Parking space can be plentiful and at lower cost.

SUMMARY & CONCLUSIONS

The future demand for office space in San Francisco appears very favorable. As the core of the Bay Area, San Francisco will continue to attract the major part of new office space that will be needed to serve the metropolitan area's growing population. San Francisco also has inherent qualities that will help to establish it as the headquarters city of the West Coast.

Future estimates of the demand for office space have been based on two approaches:

a. A correlation of office space to population.

b. A projection of expected growth of office employment.

The first approach, based on what we consider to be conservative population projections, indicates that approximately 24.5 million square feet of rentable area will be required by 1970 and 28 million by 1975.

However, these estimates apply to the entire SMSA. Between 1950 and 1962, about 30% of new office space was constructed in Oakland. Since almost 60% of this is contained in the Kaiser Center and Oakland's current vacancy rate is relatively high (about 9%), we believe its share of new construction will be considerably less in the next twelve years. Oakland currently has about 15% of office building space in the SMSA and we are assigning 10% as its share of new construction for the period under study.

An additional 5% is being allocated for outlying San Francisco locations.

Therefore, San Francisco's central business district is expected to obtain about 85% of the total.

In order to convert the projections developed by this approach into applicable estimates, further adjustments are necessary.

a. It is estimated that the Skyscraper Management data, on which this approach was based, includes only about 90% of the total rentable area.

b. For land planning purposes, rentable area should be converted to gross area. Rentable area comprises about 80% of gross area in new office buildings.

The application of these factors adjusts the projections as follows:

Based on Population

1970

Projected Space	24,500,000
Minus Existing Space	20,442,000
Equals Rentable Area	4,058,000
Divided by 90% Correction Factor	÷ 90%
Multiplied by 85% share for San Francisco CBD	x 85%
Equals Demand for New Rentable Area	3,832,500
Divided by 80% to convert gross area	÷ 80%
Equals Demand for Total Gross Area	4,790,000 sq.ft.

1975

Projected Space	28,000,000
Minus Existing Space	20,442,000
Equals Rentable Area	7,558,000
Divided by 90% Correction Factor	÷ 90%
Multiplied by 85% share for San Francisco CBD	x 85%
Equals Demand for New Rentable Area	7,138,000
Divided by 80% to convert to gross area	÷ 80%
Equals Demand for New Gross Floor Area	8,922,000 sq.ft.

The second approach was based on projections of expected growth in office employment. It is estimated that the overall growth in the white collar occupations in the Bay Area will create a need to supply office space in San Francisco's central business district for about 205,000 workers by 1970 and 225,800 by 1975. To house this many workers would require about 23,565,500 square feet of rentable area by 1970 and 26,611,000 by 1975.

This approach was developed on the basis of space requirements for San Francisco but adjustments are required to correct for the fact that only 90% of existing buildings are represented and to convert rentable area into gross area.

This process is as follows:

Based on Employment

1970

Projected Space		23,565,500
Minus Existing Space	16,919,000	
Corrected by 90% Factor	÷ 90%	
		18,799,000
Equals Demand for New Rentable Area		4,766,500
Divided by 80% to convert to gross area		÷ 80%
Equals Demand for New Office Space		5,958,000 sq. ft.

1975

Projected Space		26,611,000
Minus Existing Space	16,919,000	
Corrected by 90% Factor	÷ 90%	
		18,799,000
Equals Demand for New Rentable Area		7,812,000
Divided by 80% to convert to gross area		÷ 80%
Equals Demand for Total Gross Area		9,765,000 sq. ft.

These projections are summarized as follows:

1970

	Population Projection	Employment Projection	Rounded Estimate
Rentable Area	3,832,500	4,766,500	4,000,000
Gross Area	4,790,000	5,958,000	5,000,000

1975

Rentable Area	7,138,000	7,812,000	7,500,000
Gross Area	8,922,000	9,765,000	9,375,000

The conclusions developed by these methods have variances of about 600,000 to 900,000 square feet. While the projection of office space requirements based on employment should be more significant than one based on general population, more statistical assumptions had to be made in the former case. Therefore, in rounding off the estimates, greater emphasis has been placed on the population projections.

The credibility of the estimate for 1975 is further supported by comparison with the long-term trend and the past record of absorption. The population increase between 1961 and 1975 is expected to be about one million. The projection of 7.5 million square feet of space will be equivalent to 7.5 square feet per person which is in conformance to the trend. The average annual absorption will have to be over 570,000 square feet. The average absorption for the period 1950 - 1962 was almost 300,000 square feet per year. In one two-year period, 1960 - 1961, an average of 821,500 square feet was absorbed without severe consequences on older buildings.

The conversion of these total estimates into the demand for office space in the South of Market Redevelopment Area involves judgment of influence of a number of factors. We have considered the following as the most important:

Factor	Conclusion
1. The transportation, communications, utilities group and the services industries concentrated south of Market are not expected to expand employment in the next few years.	1. The "internal" demand for expansion south of Market will not be present immediately, but in future years population growth in the Bay Area will result in employment expansion in both of these groups.

2. The finance, insurance, real estate group is the fastest growing industry.	2. New office demand from this industry can best be served by the land to be available in the Golden Gateway Redevelopment Area.
3. Almost 3 million square feet of rentable space is proposed or under construction in San Francisco's CBD.	3. This quantity of new space will satisfy most of the normal demand of 4 million square feet needed by 1970.
4. The Golden Gateway Redevelopment Area will provide enough land for a net addition of 2.3 million square feet of rentable area. (This excludes 400,000 square feet in the Alcoa Building under construction, and an estimated 300,000 square feet of office space in buildings to be razed in this project area).	4. South of Market Redevelopment Area will be in competition with this project if it is introduced before most of land in Golden Gateway is absorbed.
5. Market Street now acts as a physical and psychological barrier to office use and development to the south.	5. This factor can be overcome in time: as more desirable office sites become scarce; with the introduction of the Rapid Transit System and general improvement of Market Street; with the opportunity to provide convenient low-cost parking space; with the effects of urban renewal for improving the environment.

6. As San Francisco's importance as a headquarters city increases, there is the possibility that a new group or industry would move into the city that would prefer to concentrate in one area.	6. We believe this possibility could create a new demand situation, but there is no way of predicting this.
7. Present announcements include forward planning of specific buildings to 1967. It is very probable that additional buildings will be announced for private development outside of Golden Gateway by 1970.	7. There is no way of predicting how much additional supply should be anticipated, but we believe this factor will be offset by the introduction of new demand from outside the Bay Area.
8. Acquisition cost of land in the South of Market Redevelopment Area will be lower than cost of acquiring improved sites in other locations.	8. While land cost has comparatively lesser importance than location, in site selection for office buildings, this factor will operate as a competitive advantage as the area south of Market improves.

In view of these conditions, we believe that the South of Market Redevelopment Area will be in a favorable position to attract office building development after 1970. After deducting the 5.6 million square feet of rentable office area, proposed in individual projects or designated for the Golden Gateway Redevelopment Area, from the total projection of 7.5 million square feet, leaves uncommitted demand for 1.9 million square feet of rentable area. We believe the Project Area would be able to attract as much as 75% of the potential for San Francisco's CBD or 1.4 million square feet of rentable space under commitment by 1975. Converted to gross floor area, this amounts to 1,750,000 square feet.

III

PARKING STRUCTURES

LAND USE TREND

A land use survey made by the City Planning Commission in 1962 shows that 53.49 acres were devoted to parking lot use in Planning Area X-2, which extends south of Market to Townsend and lies between Second and Ninth Streets. Parking lots represented the greatest single use of land surface, and between 1947 to 1962, 34.73 acres were converted to use as parking lots. The adjoining area to the east, which extends to the Embarcadero and is known as X-1, contains an additional 19 acres devoted to parking which was an increase of 13.25 acres since 1947. In addition, there were 7.91 acres in X-2 and 1.60 acres in X-1 used as sites for parking garages.

As shown in Appendix III-1, Planning Areas X-1 and X-2 contain almost 17,000 parking spaces, which forms the bulk of an estimated 26,000 downtown off-street parking space. Furthermore, the redevelopment area contains about 34% of the total off-street parking space and 75% of garage space south of Market Street. These estimates are based on an allocation of 250 square feet per space in lots (the space used per car varies from about 180 square feet in tightly packed attended lots to about 350 square feet in self-park lots), and garage capacities reported by managers as summarized in Appendix III-2.

RECOMMENDATIONS OF PARKING STUDY

A 1954 report to the Parking Authority of San Francisco by the Bureau of Engineering for a downtown parking program recommends as one of several overall objectives to:

> "...Provide new facilities for long-time parking at locations outside of the downtown business district. They should be near important arteries leading into the business district so as to intercept workers before they reach the traffic con-

gested areas. Numerous medium size garages would be preferable to few large ones so as to avoid new congestion on the incoming arteries. Such garages built on moderately priced land should prove profitable for private enterprise. If not, financing and operation could follow the general procedure heretofore followed by the parking authority but with some form of guarantee that parking rates would be kept at a level low enough to attract a substantial number of all-day parkers now using facilities in the downtown area. Diversion from inside locations to periphery locations is the principal benefit to be derived from this phase of the program".

TRAFFIC AS AN INDICATOR

The Project Area, because of its convenience to Freeway connections and sources of parking demand, is well-situated to satisfy the locational requirement specified in this report. That the existing parking accommodations are not intercepting traffic before it enters the congested area is apparent from traffic counts. Third Street, which serves north bound traffic only and connects with the off-ramp for vehicles approaching from the south and west, has a daily vehicle count of 19,896. Fifth Street, which is a two-way street that connects with one of the three off-ramps in the downtown district serving Oakland Bay Bridge traffic, has a daily count of 10,730 vehicles.

The Bureau of Public Roads made an intensive study of parking conditions in sixty-seven cities in 1956. One of the findings of this study was that 45% of the vehicles entering the business district were seeking parking space and 50% of these were destined for the core area. If Third and Fifth Streets are counted as the major source of entries to the Project Area from the Freeway, then the total vehicles originating from this one source is 30,526 per day. Applying the 45% and 50% averages would indicate that 6,890 of these vehicles are seeking parking space at least on the periphery of the core area. (Actually, this is a very conservative estimate since traffic on the major cross streets like Mission, Howard and Folsom also includes

vehicles seeking parking). Even this conservative estimate of the number of parking spaces needed for vehicles entering the business district in the vicinity of the Project Area indicates a deficiency when compared with the estimated 5,713 spaces available.

PARKING REQUIREMENTS BASED ON FLOOR AREA

This comparison gives only a general indication that the parking area south of Market Street is not serving the purpose of intercepting vehicles before they reach Market Street and the congested areas to the north. In order to obtain a more accurate estimate of parking requirements, three steps are necessary:

1. Outline the area that a major facility can serve conveniently.

2. Estimate demand from sources within that area.

3. Classify demand by term of use.

The Bureau of Public Roads, in its Parking Guide for Cities, discovered that as city size increases the average distance walked from parking place to destination also increases, but the upper limit is reached around 2,000 feet. In cities of over 500,000 population, the average distance was 799 feet and only 4% of parkers walked more than 2,000 feet. Howard Street has been selected as a median location in the Project Area that would be within walking distance for a number of blocks north of Market as well as the core of the area on the south side. Two thousand feet was considered to be the maximum walking distance for defining the area of influence. Harrison and First Streets are considered the southern and eastern limits because of the large quantity of parking space under the Freeway.

The parking generators in this area of influence have been classified by type of use into retail, offices, lofts, and manufacturing. The floor areas of buildings on the periphery of the project boundary as well as the major office buildings, warehouses and manufacturing plants within the Project Area were calculated.

Various references were used as guides in estimating the quantity of parking space necessary to serve these sources. A parking standard can only be used as a guide because of differences in the effectiveness of public transit, the drawing power of retail stores, and the type of offices or manufacturing plants involved. The City Planning Code of San Francisco outlines requirements for new buildings that are fairly typical. A Parking Manual prepared by the American Automobile Association in 1946, shows similar standards. The Parking Guide for Cities, published by the Bureau of Public Roads in 1956, shows actual parking to floor area ratios found in seventeen cities ranging in population from 15,000 to nearly one million. These references and our opinion of the ratios applicable to the parking generators served by the Project Area are summarized in Table C-1.

We believe the convenience to the Muni Transit lines and the proposed Rapid Transit System on Market Street will relieve some of the normal demand for parking space by shoppers and workers in the Project Area. The average ratios shown in the Bureau of Public Roads report admittedly are less than adequate. Therefore, our assigned ratios for the Project Area are less than standards set by the City Planning Code but greater than parking space actuaally provided in cities studied by the Bureau of Public Roads.

In addition to these general conditions, there are some special considerations that apply. The average ratio of 200 square feet of sales area per parking space commonly used for new department stores usually applies to stores in suburban locations. The prescribed ratio of one space per 500 square feet of floor area in office buildings is applicable to general office space, but the subject buildings have a lower than normal percentage of professional tenants that require visitor parking. The assigned ratio of one parking space per 750 square feet of office space would provide an average of one space per five workers.

In addition to outlining the area served and measuring the parking generators within that area, parking demand should be

classified by term of use. This is because space used for short-term parkers such as retail shoppers, salesmen and office visitors can be reused several times during a day, while space used by workers is usually occupied all day. These sources actually form separate and distinct types of parking demand.

BASIC ASSUMPTIONS AND PREMISES

Before proceeding with an analysis of supply and demand, there are a number of basic assumptions that must be made.

a. The parking requirements outlined in this report include existing demand plus proposed private and public redevelopment.

b. Parking requirements for the retail center were included in Section I and are in addition to those outlined here.

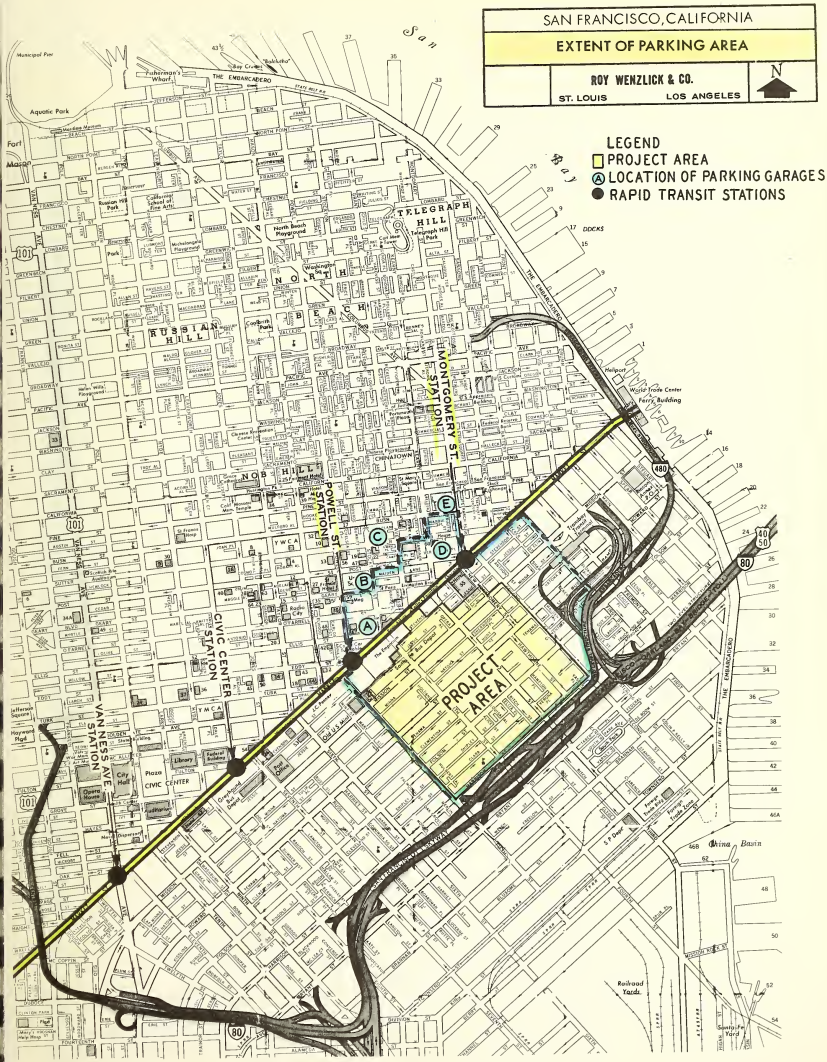
c. That parking lots occupying land between Second to Fifth Streets and Market to Howard Streets will be redeveloped by 1975.

d. That curb parking will be allowed on existing major streets, and not allowed on intermediate cross streets, even if they continue to exist under revised street patterns.

e. That existing parking garages will remain.

f. That the new Pacific Telephone and Telegraph Company building will provide garage space for about 100 vehicles.

g. It is anticipated that reasonable parking rates for new garages can be obtained through cooperative action of the San Francisco Parking Authority.


SAN FRANCISCO, CALIFORNIA
EXTENT OF PARKING AREA
ROY WENZLICK & CO.
ST. LOUIS
LOS ANGELES
N
LEGEND
PROJECT AREA
A LOCATION OF PARKING GARAGES
RAPID TRANSIT STATIONS
PROJECT AREA
A
B
C
D
E
TELEGRAPH HILL
NORTH BEACH
RUSSIAN HILL
NOB HILL
CHINATOWN
MONTGOMERY ST. STATION
POWELL ST. STATION
CIVIC CENTER STATION
VAN NESS AVE. STATION
THE EMBARCADERO
DOCKS
Municipal Pier
Fisherman's Wharf
Aquatic Park
Fort Mason
Ferry Building
World Trade Center
Railroad Yards
Santa Fe Yard
Oakland Bay Bridge
Yerba Buena

ROY WENZLICK & CO. ECONOMISTS · APPRAISERS · COUNSELORS · PUBLISHERS

TABLE C-1

PARKING SPACE REQUIREMENTS

Type Building	One Space For Each: San Francisco City Planning Code (Sq. Ft.)	AAA Parking Manual (Sq. Ft.)	Bureau of Public Roads Actual Ratios (Sq. Ft.) Average	Range	Assigned For Project Area (Sq. Ft.)
Department Store			840	220-1,480	350
Retail Stores	One for each 500 sq. ft. up to 20,000, plus one for each additional 250 sq. ft.	400	1,685	620-3,130	500
Offices	500	460	1,000	230-2,070	750
Warehouses	2,000				1,500
Manufacturing	1,500	750			1,500

FUTURE DEMAND - 1970

There are several forces at work that will influence future demand for parking space in the Project Area.

1. Construction of new office space in the Financial District and south of Market.

2. Introduction of the Bay Area Rapid Transit System.

3. Normal increase in demand from present sources.

The Project Area is too remote to serve the bulk of parking demand that will be created by the construction of new office buildings in the Financial District, but it is still within walking distance of some of the new buildings and will serve a portion of that demand. The construction of two new office buildings south of Market - the Pacific Telephone and Telegraph building which will have about 2,200 employees and the Standard Oil Co. building with an estimated 1,500 employees - will create new demand for an estimated 600 spaces by 1965.

Preliminary studies for the Bay Area Rapid Transit District predicted a vast reduction in the number of parking spaces that will be needed in downtown San Francisco. Undoubtedly, many commuters will shift from using automobiles to Rapid Transit, but we do not believe the overall effect on demand for downtown parking will be as great as predicted because of the quantity of office space proposed and the fact that for many people public transit is not an acceptable alternative to the automobile. The population growth in Alameda and Contra Costa Counties, the areas that will contain most of the long distance Rapid Transit commuters, will also tend to offset relief of the parking demand. The most recent traffic count on the James Lick Skyway indicates that about 12,500 vehicles use the on and off ramps between First and Fifth Streets either before or after crossing the Oakland Bay Bridge. Using an average of 1.5 persons per vehicle gives a total of 18,750 persons who originate from or destined for the East

Bay. This comprises about 1.5% of the 1960 population in Contra Costa and Alameda Counties. If this same percentage is applied to the 1975 population of 1,872,000 predicted for these two counties then daily traffic from this source would increase to more than 28,000 persons. The Flow Map developed by the Rapid Transit District shows an estimated 20,000 persons from the East Bay using the Montgomery Street station daily. So taking the most optimistic view, Rapid Transit would reduce traffic to 64% of its present volume from that source. This should be offset somewhat by increased traffic from places like Marin and San Mateo Counties that are not served by Rapid Transit.

An estimated 8,000 parking spaces have been added to the supply south of Market in Planning Area X-2 in the past fifteen years. This is an average of 533 spaces per year. We do not anticipate that future demand will encourage as great an increase in the next fifteen years, but the normal effects of increased commercial activity and high personal incomes will favor greater use of automobiles.

In summary, we believe Rapid Transit will replace more than the normal increase in demand but development of new office space will create a new demand situation.

SUPPLY OF PARKING SPACE

The parking spaces now provided between First and Fifth Streets and from Market Street to the Freeway are estimated as 8,770. (To facilitate comparison of supply and demand, the only curb parking included are 500 spaces north of Howard.) Applying estimated turnover to the various types of facilities results in an estimate that this area can accommodate 15,800 parkers per day.

In addition there are five garages north of Market Street within or on the periphery of the area of influence served by parking facilities in the Project Area. These garages have a total of 4,222 spaces.

TABLE C-2

SUPPLY OF PARKING SPACE
WITHIN AND ON THE PERIPHERY OF
THE PROJECT AREA
(Market to the Freeway; First to Fifth)

	No. Spaces	Turnover	No. Parkers
Parking Lots under Freeway:			
Leased from San Francisco-Oakland Bay Bridge	1,315	1	1,315
Public: 328,788 sq. ft. @ 250 sq. ft.			
First to Second			
66,850 sq. ft. @ 250 sq. ft.	267	1	267
North of Howard			
296,900 sq. ft. @ 250 sq. ft.	1,187	1	1,187
South of Howard			
341,450 sq. ft. @ 250 sq. ft.	1,366	1	1,366
Street Parking:			
2nd to 5th-north of Howard	500	5	2,500
Parking Garages:			
5th & Mission	1,683	3.5	5,722
Private Garages	468	1	468
Commercial Garages	1,984	1.5	2,975
	8,770		15,800

TABLE C-3

PARKING GARAGES
FOR AREA SERVED
NORTH OF MARKET STREET

		Location	Capacity
A.	Ellis-O'Farrell Garage	Ellis-O'Farrell between Powell & Stockton	900
B.	Union Square Garage	Powell-Stockton Geary-Post	1,440
C.	Sutter-Stockton Garage	northeast corner Sutter & Stockton	932
D.	Lick Place Garage	Lick Place at Post	500
E.		349 Bush Street	450
		Total	4,222

PARKING RATES

In the prime locations south of Market Street, near the office buildings on New Montgomery and the Sheraton-Palace Hotel, short-term garage parking costs as much as 75¢ per hour and up to $2.00 per day. In the more remote locations the short-term rate in garages drops to 25¢ per hour or $1.00 per day. The Fifth and Mission Garage short-term rates are the lowest at 15¢ per hour.

The rates on parking lots near New Montgomery range as high as 50¢ per hour for short-term parking up to $1.25 for all day. Rates on small lots scattered throughout the area north of Howard Street range between 50¢ to 85¢ per day. The lots south of Howard Street that serve mostly long-term parkers, charge about 50¢ or 65¢ per day. At Harrison Street, the rate drops to about 35¢ and under the Freeway it is as low as 25¢.

This rate pattern gives a pretty clear view of the drawing power of the various locations throughout the Project Area. Short-term demand, of course, is strongest near Mission and New Montgomery Streets. The area south of Howard Street and the first block north of that street serve the bulk of long-term parkers and the rates fall pretty rapidly south of Folsom Street. Apparently, this area is too remote from Market Street to serve its concentration of workers. The lesser incidence of public parking lots between Folsom and Harrison Streets adds support to this observation.

At the opposite end of the spectrum are the garages north of Market Street where daily rates range from $1.50 to $2.00.

Any attempt to set parking rates at this time for redevelopment projected to 1970 or 1975 would be mostly academic, since the location of parking structures in relation to major generators of parking demand has such an important bearing on rates that there could be considerable difference in the market rate between locations relatively close together. But the general effect of anticipated rates has to be taken

into consideration in measuring the comparative drawing power of the various sources of supply. All day rates charged in new garages, of course, should be higher than those charged for lots, but as a basic assumption of this study these rates will be reasonable. As a result, adjoining parking lots would be able to increase their rates. The combined effect would cause a shift by some parkers who are now using lots north of Howard to lots south of Howard and even to those under the Freeway. For other parkers the convenience of location and protection for the automobile offered by a garage would be worth paying a higher rate.

CORRELATION OF SUPPLY AND DEMAND

Table C-4 correlates demand by term of use and supply by location for the area south of Market and allocates supply available for all day parking north of Market.

It is estimated that there will be a deficiency of 423 spaces for short-term use between Market and Howard Streets by 1970 if curb parking is limited to the principal streets. The major sources of demand for short-term space will be the department stores and other retail stores, and 10% of the estimated demand from office occupants has been allocated for visitor parking. On the supply side, future street parking is estimated as 500 spaces; the proposed addition of 200 spaces to the Fifth and Mission Garage is anticipated, and 300 spaces in existing garages are allocated to short-term use based on present experience.

Estimating long-term use south of Market Street involves analysis of the comparative drawing power of existing lots and garages (excluding the 1,187 spaces on lots located north of Howard Street) against new parking garages. There is a fairly close balance between total supply and demand as it currently exists within the Project Area.

The supply of parking on the periphery and the demand from other sources, specifically north of Market Street, must also be taken into consideration in analyzing long-term use. As mentioned previously, new parking garages are expected to upset the rate structure on the lots that will remain, thereby, causing some shifts in preference to more remote locations. Therefore, the percentage of various sources of supply that will be available to satisfy demand within the Project Area have been applied. The highest percentage, 66%, has been applied to parking lots located south of Howard because these will be the most convenient lot spaces south of Market Street at this particular point. Only 50% of the spaces under the Freeway are considered available because of their remote location and the fact that they have to be shared with users working in the industrial area farther south. Low percentages of 10% to 33% have been applied to the garages and lots between First and Second Streets because of greater internal demand in this area. All of the private and commercial garages north of Howard are allocated to serve the demand originating in the Project Area. Comparison of the demand and supply originating in the Project Area leaves an average of 204 spaces.

Undoubtedly, more new garages besides the 1,300 space structure planned by Perini, will be needed to serve the additional demand created by the construction of new office buildings north of Market Street. The Project Area is too far from most of these buildings to serve as a primary source of supply even for all-day parking. But these new buildings should exert an upward pressure on parking rates for existing garages north of Market Street included in the sphere of influence for the Project Area that will cause more daily parkers to seek cheaper space available south of Market. Consequently, the majority of workers in the buildings located within walking distance north of Market can be considered as the major source of long-term demand. Estimates of the number of employees in department stores and retail stores were based on one employee per 300 square feet of floor area, and one out of six of these was counted as a person who drives to work. Parking space allocated for the office buildings was based on one space per 750 square feet of floor area, which is equivalent to one

space per five workers. Parking was allocated to loft buildings on the basis of one space per 1,500 square feet of floor area. As a conservative estimate only 66% of the workers within convenient walking distance north of Market were considered as potential all-day customers for the parking facilities in the Project Area. Offset by 34% of the garage spaces north of Market leaves a deficiency of 2,032 spaces in that area.

The deficiency estimated for 1970 is 2,250 spaces. Since this includes replacement of 1,187 spaces north of Howard Street, the net addition would be 1,063 spaces. This would allow for an average increase of 152 spaces per year for the next seven years. This corresponds closely with an average annual increase of 168 spaces in the past fifteen years based on a total addition of 6,050 lot spaces in Planning Area X-2 and assigning 42% of these to the Project Area.

We believe this expected rate of growth is reasonable considering that the Fifth and Mission Garage was excluded from consideration in the past growth record.

DEMAND BY 1975

The Rapid Transit System is expected to be in operation by 1970, and this should help to restrain future growth in parking demand. However, additional parking would have to be planned to serve the potential development of office buildings after 1970 as outlined in Section II of this report. In spite of the fact that the City Planning Code specifies one space per 500 square feet of floor area, we believe a ratio of 1:750 would be satisfactory for future planning purposes. Convenience to the Montgomery Street Station should encourage a greater than normal use of Rapid Transit. It is also assumed that new parking structures will be available by that time which will contribute to the supply. Therefore, to serve the 1,750,000 square feet of office space projected for 1975 would require approximately 2,300 additional parking spaces.

TABLE C-4
PARKING SPACE ESTIMATED FOR 1970

SOUTH OF MARKET STREET

SHORT TERM:

Demand	#Spaces	Supply	#Spaces
Department Stores		Fifth & Mission	
849,400 sq. ft. @ 350	2,427	Garage	1,683
Other Retail Stores		Proposed Addition	200
306,150 sq. ft. @ 500	612	Street Parking	500
Offices: 1,155,550 sq. ft. @ 750		799 Market St.	87
1,540 x 10%	154	Commercial Garages	300
	3,193		2,770
		Deficiency	423

LONG TERM:

Offices: 1,155,550 sq. ft. @ 750		Parking Lots:	
1,540 x 90%	1,386	First to Second	
Mfg. & Loft Bldgs.		267 x 33%	88
1,875,400 sq. ft. @ 1,500	1,250	South of Howard	
		1,366 x 66%	901
		Under Freeway	
		1,315 x 50%	657
		Private Garages:	468
		Commercial Garages:	
		North of Howard	575
		First to Second	
		900 x 10%	90
		South of Howard	
		122 x 50%	61
	2,636		2,840
Overage	204		

TABLE C-4 (cont.)

NORTH OF MARKET STREET

LONG TERM:

Demand	#Spaces	Supply	#Spaces
Department Stores		Garages	
1,085,535 sq. ft. @ 300 =		4,222 x 34%	1,435
3,618 employees ÷ 6 =			
603 x 66% =	398		
Office Buildings			
3,480,675 sq. ft. @ 750 =			
4,100 x 66% =	2,706		
Retail Stores			
391,150 sq. ft. @ 300 =			
1,303 employees ÷ 6 =			
217 x 66% =	143		
Lofts & Manufacturing			
501,200 sq. ft. @1,500 =			
334 x 66% =	220		
	3,467		1,435
		Deficiency	2,032
		Net Deficiency	2,251

CONCLUSIONS

a. Impending new office construction north of Market Street will cause shifts in parking habits and rates for garages in that area which will support an increase in daily parking south of Market.

b. The Pacific Telephone & Telegraph and Standard Oil Co. buildings south of Market will create new demand for an estimated 600 spaces from these sources.

c. Expected increased demand coupled with replacement of an estimated 1,187 lot spaces north of Howard Street will result in the need for approximately 2,250 parking spaces by 1970 within the Project Area.

d. The introduction of Rapid Transit by 1970 will restrain further requirements resulting from normal growth through 1975.

e. To serve the needs of new office buildings projected for development by 1975, estimated as 1,750,000 square feet as outlined in Section II, will require an additional 2,300 parking spaces.

f. To place the maximum amount of parking space within convenient walking distance of the major sources of demand concentrated along Market Street and several blocks to the north will require construction of multi-level parking garages.

IV

MANUFACTURING AND WHOLESALE GROUP CENTER

The predominance of apparel manufacturing and printing firms south of Market Street suggests the possibility that these industries would be potential sources of demand as tenants in the Project Area. The majority of the firms in these two industries are located throughout the downtown area, and there are twelve apparel manufacturers and about thirteen printing firms within the Project Area. A downtown location is favorable for apparel manufacturers and distributers that want to be close to the retail district and the hotels for the convenience of buyers. A downtown location is also advantageous for printers and lithographers because of its convenience to their customers.

The large quantity of new office space proposed in San Francisco should certainly give impetus to office furniture and equipment sales. The convenience of the Project Area to the concentration of office buildings in the Financial District recommends the potential of this location for office furnishings display space.

The sporting goods manufacturers and wholesalers were considered to be another source of potential demand for a group center in the Project Area. Reference to census data indicates that approximately 50% of the retail sporting goods stores in addition to the major department stores are concentrated in the central business district.

Each of these groups was surveyed by means of a questionnaire accompanied by a letter briefly describing the location of the Project Area. The results of these questionnaires are summarized as follows:

PRINTERS & LITHOGRAPHERS

Total mailed	126	
Total responses	36	
Percent Response		28.5%

Expression of Interest in the Project Area:

Yes	13	36%
No	3	9%
Other or no answer	20	57%

Question #3: Floor area requirements for firms expressing an interest in Project Area:

	Total	Willing to accept space on an Upper Floor
Warehousing	45,500	5,000
Manufacturing	189,500	37,000
Office Space	34,925	2,725

Question #5, Existing Rents:

Average = 6¢ per square foot per month

Question #7, Rental that could be afforded:

Average = 7.8¢ per square foot per month

Question #8, Suitability of space on an upper floor of a multi-story building:

Yes	4
No	8
No answer	1

Question #6, Land Price: (per square foot)

3@ $1.00 - $1.50
1@ $3.00 - $5.00

Question #9, Advantage of being in close proximity to other firms in the same business:

Yes	8
No	5

The best response was obtained from the printers and lithographers although this may be partly explained by the fact that this was the largest of the four samples and 52 of the questionnaires were mailed through the cooperation of the Graphic Arts Employers Association. While the answers indicate considerable interest in the Project Area, there were only four firms out of 36 that responded that would be willing to accept space on an upper floor. Apparently the majority of the printers and lithographers are interested only in ground floor locations.

In addition, the average rental being paid by those responding was 6¢ per square foot. In answer to the question about the amount of rent they can afford, the average was 8¢ per square foot, which of course, would not be sufficient for space in a new building.

Four of the respondents answered question #6, showing an interest in acquiring land for a new building and the offering price varied between $1.00 to $1.50 per square foot, in three instances, and one respondent indicated a willingness to pay between $3.00 and $5.00 per square foot.

Generally, a respondent will not answer a query about the amount of rent he can afford by quoting the upper limit, but since the average present rent is only 6¢ per square foot per month, it is very unlikely that these firms could afford rent required for a new building. Also, since it will be necessary to construct multi-story buildings in order to develop this land to its highest and best use, the unwillingness to accept space on an upper floor eliminates most of the respondents.

APPAREL MANUFACTURERS

Total number mailed	77	
Total responses	14	
Percent Response		18.2%

Expression of interest in Project Area		
Affirmative	6	43%
Negative	4	28.5%
No answer or other	4	18.5%

Question #2:

Floor area requirements for firms expressing an interest in Project Area:

Warehousing	11,000
Manufacturing	19,000
Office Space	3,000

Question #5, Existing Rents:

Average = 11.6¢ per square foot per month

Question #7, Rental that could be afforded:

Average = 10.2¢ per square per month

Question #8, Suitability of space on an upper floor of a multi-story building:

Yes	7
No	1

Question #6 Land Price: (per square foot)

1 @ $1.50 - $2.00

Question #9, Advantage of being in close proximity to other firms in the same business:

Yes	5
No	3

There was somewhat less total response from the apparel manufacturers than from the printers, but a greater percentage of those responding answered in the affirmative.

The firms expressing an interest in the Project Area, indicated requirements for only about 33,000 square feet of space. One important feature, characteristic of this group, was a willingness to accept space on an upper floor in a multi-story building.

It is interesting to note that this group answered question #6 by quoting a lower average rental they could afford than the average of what they are now paying. One manufacturer showed an interest in acquiring vacant land and stated a willingness to pay between $1.50 to $2.00 per square foot.

We believe if this were a growing industry in San Francisco, there may be some potential for a group center. However, as indicated in Table D-1 the apparel industry in San Francisco lost employment between 1947 and 1958, based on census data. Current employment estimated by the Manufacturers and Wholesalers Association is about 8,600, which is only slightly above the 1947 amount.

We are aware of plans that were made several years ago to develop an apparel center in the Project Area, and the promoter contends that he had sufficient interest from potential tenants at average rental of 30¢ per square foot per month, to make such a building feasible. The plans were set aside when the redevelopment for South of Market was announced. However, his tenants were to include apparel wholesalers and also some manufacturers and distributers now located in Los Angeles. The construction of the new California Mart in Los Angeles will undoubtedly eliminate transfer of potential distributers or manufacturers from that city.

While it is true that the respondents probably will not be willing to reveal the maximum rental they are willing to pay, we believe it would be unreasonable to assume that a majority of manufacturers would be willing to pay as much as three times their present rate.

In conclusion, we do not believe that there would be sufficient demand from the apparel manufacturers to justify planning a center devoted to use by this group.

TABLE D-1

APPAREL MANUFACTURING
(Money Figures in Thousands)

	1947	1954	1958	Increase or Decrease 1947-1958
Employees	8,480	8,757	8,076	- 404
Value Added by Manufacture	$38,021	$57,360	$47,350	$9,329
Expenditures for New Plant & Equipment	$ 990	$ 825	$ 804	- $ 186
Number of establishments	349	396	382	33

Source: U.S. Department of Commerce, Census of Manufacturers: 1947, 1954, 1958.

OFFICE FURNITURE & EQUIPMENT MANUFACTURERS

Total mailed	28	
Total responses	9	
Percent Response		32%

Expression of interest in Project Area		
Affirmative	2	22.2%
Negative	7	77.8%

Reasons for lack of interest in Project Area

1. Satisfactory location at present.
2. Unnecessary duplication of dealer's facilities.

Question #2:

Floor area requirements by those interested in Project Area:

Total = 2,500 square feet

OFFICE FURNITURE & EQUIPMENT DEALERS

Total mailed	25	
Total responses	11	
Percent Response		44%

Expression of interest in Project Area		
Affirmative	4	36.4%
Negative	7	63.6%

Reasons for lack of interest in Project Area:

1. Increased volume probably would not offset cost of space.
2. Two other such manufacturers display areas in San Francisco at present.

3. Prefer to maintain individual ground floor establishment and displays.
4. Would put dealers who have stores displaying office furniture out of business.

Reasons for interest in Project Area.

Would help us particularly in furniture where we do not wish to carry a complete stock because of cost.

Preliminary inquiries among firms in this business revealed that dealers do not consider it an advantage to be located in close proximity to competitors, but manufacturers are using space in merchandise marts in Chicago and New York. These display areas supplement dealer's displays and are restricted to customer showings by appointment.

Questionnaires were mailed to only those manufacturers who are now represented by dealers in the city. It was not considered advisable to solicit those not represented, because the intention could possibly be misinterpreted. Consequently, the sample is small. The response was relatively good, considering that these manufacturers are located throughout the country. Also, for this reason, the letter accompanying the questionnaire outlined an estimated rental as between $3.50 and $4.75 per square foot per year.

There were more negative than positive replies, and those expressing an interest required only a total of 2,500 square feet of space.

The dealers were contacted to put them on notice that the manufacturers were being questioned and to obtain their response even though they were not considered as potential tenants for this type of space. There was a high percentage of response, but the majority indicated a lack of interest and did not think that such a center would be desirable for their business.

We believe that the size of the firms involved, their distance from San Francisco, and the small sample acted as disadvantages in obtaining a favorable response, but apparently there is not enough interest from the manufacturers now represented in San Francisco to justify planning for this group.

SPORTING GOODS MANUFACTURERS AND WHOLESALERS

Total mailed	48	
Total responses	9	
Percent Response		18.75%
Expression of interest in Project Area:		
Affirmative	--	
Negative	2	22.2%
No answer or other	7	77.8%

Nine out of 48 of this group returned the questionnaire and none of these gave an affirmative answer for interest in the Project Area.

Therefore, we do not believe that this group could be considered as potential source of tenants for a group center.

V

HOTEL REHABILITATION

RECENT HOTEL REHABILITATIONS

The majority of the hotels south of Market Street would be classified as 4th rate - catering mostly to the skid-row element. Partly as a result of the city's efforts to enforce minimum code requirements several of these buildings have been rehabilitated in recent years. The building structure and room arrangement are basically unchanged but rehabilitation has included redecorating, the replacement of some furnishings, installation of sprinklers and fire alarm systems, and such other changes necessary to bring the building up to minimum fire and health code standards. The operation, in most cases, has been converted from transient to a high percentage of permanent residents. The rates have been increased and the operators, as a matter of policy, have been trying to eliminate "undesirables".

The rehabilitation of the Daton and Milner Hotels has been completed, the Lankershim is nearing completion, and plans have been announced for the St. Regis and Morton Hotels. The Whitcomb Hotel, which is on the south side of Market Street, but is a better hotel than those in the Redevelopment area, is also being converted to permanent residency for retired people. Some of these conversions are actually too recent to obtain a fair opinion of a long term occupancy rate but judging from those completed it apparently will be in the 75% to 85% range.

GENERAL DEMAND

Undoubtedly, there is a strong general demand for low rent housing for single persons in San Francisco. The 1960 Census shows there were about 124,400 primary individuals (those living alone or with non-relatives) in the city. Also, there were some 93,600 persons over 65 years old. The median income of unrelated individuals (a person living in group quarters or who is not related to those in a household) was $2,855 per year.

The data for San Francisco is not presented in such a way as to show the median income of persons over 65 years old but national figures released by the Bureau of the Census in January 1961 show the median family income for all age groups in 1959 was $5,417. The heads of families who were 65 and over fell into the lowest bracket with an average annual income of $2,831. Approximately 44% had incomes of less than $2,500. Individual males obtained only $1,576 and females $797 per annum.

GENERAL SUPPLY

On the other hand the supply of low rent units has been diminishing. Many pensioners formerly occupied two room apartments for $40 to $60 per month, but the influx of young single people in recent years has increased the demand for apartments. This encouraged owners to remodel their buildings and raise the rents on this type of apartment to the $70 to $90 per month range. Most of the pensioners could not afford these higher rents and moved to 3rd and 4th rate hotels where the space was less but the rent was within their means. Now some of these hotels in the "Tenderloin" area have been remodeled, the rates raised, and once again the pensioners are being displaced.

PHYSICAL AND ECONOMIC FEASIBILITY

While the imbalance of supply and demand indicate that there is a considerable need for low rent units the question remains whether it would be physically and economically feasible to rehabilitate the existing hotels south of Market Street. In obtaining background material for this study we contacted a real estate broker who specializes in hotel sales, owners of hotels south of Market, and one of our clients who has rehabilitated six hotels in Florida and Pennsylvania and is now operating them as residential hotels for retired people. Some general propositions have been developed from these sources and their

comparison with actual findings for hotels located in the Project Area are as follows:

General Propositions	Findings For Subject Hotels
1. Acquisition cost (including purchase price and cost of rehabilitation) should not exceed $2,000 per room.	1. Purchase price alone on hotels south of Market Street ranges between $2,000 to $3,000 per room.
2. A private bath for each room is not absolutely necessary but is desirable and is found in most hotels where rehabilitation has been undertaken.	2. No hotel was encountered that has more than 50% of its rooms with private baths. Most have less than this.
3. In order to minimize rehabilitation costs necessary to meet the Fire Code, a building should be fireproof (Class A or B).	3. Many of the subject buildings have open steel frame construction (Class C).
4. It is preferable that a building be no more than 40-50 years old.	4. Most of these buildings are about 60 years old.
5. A food operation is an important income producer.	5. Some of these buildings do not have space for dining rooms and the proximity to restaurants in the business districts makes the desirability of this type of operation doubtful.

Table E-1 summarizes information collected on four hotels south of Market Street on which rehabilitation has been completed, planned, or in process. The rate structure is tentative in two instances and expense data was available for only one hotel. However, this was not revealed by item but as a total amount.

Because of the variety of physical structures and types of hotels involved we have selected a 150 room building as a prototype, reasoning that the larger buildings would most likely be the better structures and the most desirable types for rehabilitation. Table E-2 presents estimated annual gross income from such a building using the data on rates, purchase prices, and cost of reconditioning developed in Table E-1.

Table E-3 outlines the estimated expenses and return on investment for such an operation. These have been developed from actual costs of operation on rehabilitated hotels in other cities, with some reference to national averages published by Horwath and Horwath, hotel accountants. The expenses were divided on a per room, per month, or per annum basis depending on the most convenient method. We have attempted to use a conservative interpretation in most instances and the total percentages of gross income represented by expenses as compared with national averages and the results of other operations confirms this.

A brief explanation of some of these expenses follows:

Administrative and General

Salaries - This allowance anticipates the employment of one manager and two clerks. Most of the hotels in the Project Area have lower salary schedules for administration, but we believe the operation suffers as a consequence.

License and Fees - is an estimate based on other operations.

Telephone - is based on actual cost in one of the existing hotels.

Accounting - Office Supplies - Bad Debts - is based on national averages and data from other operations.

Heat and Utilities

Based on costs for similar hotels in Florida, but less than national averages because of differences in climate.

Housekeeping

Wages - based on employment of 3 maids and provides for linen change and room cleaning once a week. (In two of the hotels visited this is done twice weekly, but in similar operations once a week is acceptable).

Laundry and Cleaning - Linens and Bedding - Cleaning Supplies - based on expenses for similar operations.

Maintenance and Repairs

Includes average maintenance per year @ $65 per room. This is very conservative when compared to an average of about $250 per room in transient hotels. However, amount used is predicated on the building being in good condition after rehabilitation.

Real Estate Taxes

Based on assessment for similar building in the Project Area

Insurance

Based on normal expense for this item.

Return On And Of Capital Investment

Furniture and Equipment - Estimated value of $25,000 based on amount declared for similar building in Project Area, but is low in comparison with similar operations. The $4,575 per year provides for a 10% return on investment and sets up a sinking fund for replacement in 10 years.

Return on Land Value - Based on estimated land value which would vary by size and location. An 8% interest return is usually required by investors with a long term view to the risk involved in an operation of this type.

Return On and Of Building - The remainder for the building is $300,000. The depreciation or return of the investment is 6.5% per year based on an estimated remaining economic life of 15 years. In addition the interest return allocated for the investment is 8%.

TABLE E-1

SAMPLE HOTELS SOUTH OF MARKET STREET

	A	B	C (listed)	D
Purchase Price	$690,000	$335,000	$250,000	$400,000 (est.)
Date	11-20-62	8-21-59	3-63	
Number of Rooms	330	140	132	150
Number of Baths	127	70	30	24
Building Class	B	C	C	B
Purchase Price per Room	$ 2,090	$ 2,378	$ 1,893	$ 2,666
Estimated Cost of Rehabilitation	unknown	$60,000-$80,000	---	$100,000
Per Room		$428-$571	---	$ 666
Services	all	all	---	
Rates:				
with Bath	$70/mo.	$60/mo.	$44-$47.50/mo.	$45-$55
without Bath	$45/mo.	$45/mo.	$32/mo.	$30-$35
Occupancy	75%	70%		
Income @ 100% Occupancy				
Stores		$ 18,000		$ 12,000
Hotel	$216,300	$138,600	$ 55,720	$ 84,240
Total	$216,300	$156,600	$ 55,720	$ 96,240
Expenses		$74,400-$79,200		
Percent		47%-50%		
Estimated Annual Net Income		$24,000-28,800		
Total Acquisition Cost		$405,000		
Return on Investment Before Depreciation		6%-7%		

NOTES:

A - Rehabilitation incomplete. Occupancy in transition from transient to permanent.

B - Building brought up to fire and building codes. Occupancy is mixture of permanent and transient.

C - Building condemned at time of purchase.

D - Rehabilitation incomplete; purchase price our estimate.

TABLE E-2

CAPITAL INVESTMENT AND INCOME
FOR PROTOTYPE HOTEL

Fair Market Value	($2,333/room)	$350,000
Rehabilitation Cost	($ 500/room)	75,000
Acquisition Cost	($2,833/room)	$425,000
Number of Rooms	150	
Number of Baths	75	
Services	Limited	
Rates:		
with Bath	$ 60/month	
without Bath	$ 45/month	
Annual Gross Income:	(100% Occupancy)	
Hotel	$94,500	
Stores	$12,000	$106,500
	85% Occupancy	$ 90,525
	75% Occupancy	$ 79,875

TABLE E-6

ESTIMATED EXPENSES AND RETURN ON INVESTMENT

Expenses		100% Occupancy	Percent of Gross Income	85% Occupancy	Percent of Gross Income	75% Occupancy	Percent of Gross Income
Administrative & General							
Salaries	1 @ $6000; 2 @ $1200	$ 8,400		$ 8,400		$ 8,400	
Payroll Taxes	4% x $8,400	350		350		350	
License & Fees		1,000		1,000		1,000	
Telephone	(150 x 18)	2,400		2,400		2,400	
Accounting	($100 x 12)	1,200		1,200		1,200	
Office Supplies		300		300		300	
Bad Debts	(150 x $2)	300		250		225	
		$13,950		$13,900		$13,875	
Heat & Utilities	(150 x $60)	9,000		9,000		9,000	
Housekeeping							
Wages	3 @ $2400	7,200		6,100		5,400	
Payroll Taxes	(4% x $7,200)	275		250		200	
Laundry & Cleaning	(150 x $25)	3,750		3,200		2,800	
Linens & Bedding	(150 x $8)	1,200		1,000		900	
Cleaning Supplies	(150 x $18)	2,700		2,300		2,025	
		$15,125		$12,800		$11,325	
Maintenance & Repairs	(150 x $65)	9,750		9,750		9,750	
Real Estate Taxes	($105,000 x $9.39/hun)	9,850		9,850		9,850	
Insurance	(150 x $10)	1,500		1,500		1,500	
Total		$59,175	(55.5)	$56,800	(62.7)	$55,300	(69)
RETURN ON AND OF CAPITAL INVESTMENT							
Furniture and Equipment							
Sinking Fund Reserve & Return On: $25,000 ÷ 5.456 (Hoskold factor for 10 years @4 % sinking fund and 10% interest)		$ 4,575		$ 4,575		$ 4,575	
Return on Land Value (Est.) $100,000 @ 8%		8,000		8,000		8,000	
Return on and of Building ($300,000 x 14.5%) (8% interest; 6.5% depreciation, based on 15-year remaining economic life)		43,500		43,500		43,500	
Total		$56,075		$56,075		$56,075	

There is a net profit on operations at the occupancy rates studied (75% to 100%), but when the entrepreneur's normal return on and of the investment is considered a net loss to the entrepreneur results. This is shown on the following page as Summary of Income Expenses, and Return on Capital Investment. Apparently some hotels in this area have been purchased at prices that will not allow a return of the investment. One informant offered the opinion that these sales were being made on the basis of a 5% to 6% net return which does not allow a fair return for the risk involved or of the investment by the end of its economic life. Presumably, these purchasers view the depreciation allowance from the position that it is deductible from income for tax purposes and therefore acts as a benefit. Furthermore, these purchases may have been made with the view of holding the properties for a short term after rehabilitation and then disposing of them.

The estimated investment that would be feasible is obtained by processing net income at various occupancy levels to obtain the range of capital value, which is the reverse of the first method where the investment was assumed to be $425,000. The results of this latter technique show that with the rate schedule and operating expenses developed for the prototype an investor could afford to pay between $1,703 to $1,805 per room as acquisition cost in order to obtain a fair return on his investment. (This assumes that normal occupancy would be between 75% to 85%.)

SUMMARY OF INCOME, EXPENSES, AND RETURN ON CAPITAL INVESTMENT

$425,000 INVESTMENT (2,833 / room)

Occupancy	100%	85%	75%
Annual Gross Income	$106,500	$90,525	$79,875
Estimated Expenses	59,175	56,800	55,300
Net Profit on Operations	$ 47,325	$33,725	$24,575
Return On and Of Capital Investment	56,075	56,075	56,075
Net Loss To Entrepreneur	$ 8,750	$22,350	$31,500

INVESTMENT REQUIRED TO SHOW PROFIT TO ENTREPRENEUR ABOVE REAL ESTATE RETURN

Occupancy	100%	85%	75%
Net Profit on Operations	$ 47,325	$33,725	$ 31,500
Return on Land and Furnishings Including Sinking Fund	12,575	12,575	12,575
Return to Improvements	$ 34,750	$21,150	$ 18,925
Capitalized @ 14.5% (8% Interest; 6.5% Dep.)	$ 239,650	$145,850	$130,500
Add: Value of Land and Furnishings	125,000	125,000	125,000
	$364,650	$270,850	$255,500
Investment Per Room	$ 2,431	$ 1,805	$ 1,703

CONCLUSIONS

1. Acquisition costs of the subject hotels, based on current market data, would be too high to yield a fair return on investment over the remaining life of the buildings.

2. The basic physical characteristics of these buildings make them marginal subjects for rehabilitation.

APPENDIX

POPULATION GROWTH AND PROJECTIONS
SAN FRANCISCO BAY AREA
APPENDIX I-1

SMSA

Year	Population
1930 (Census)	1,347,772
1940 (Census)	1,461,804
1948 (Est.)	2,100,000
1950 (Census)	2,205,726
1955 (Dept. of Finance)	2,565,400
1959 (Dept. of Finance)	2,767,000
1960 (Census)	2,783,355
1961 (Est.)	2,850,000
1962 (Dept. of Finance)	2,944,300
Projections:	
1970 (Van Beuren Stanbery)	3,476,000
1975 (Van Beuren Stanbery)	3,854,000

CITY AND COUNTY
OF SAN FRANCISCO

Year	Population		Percent Of SMSA Total
1948 (Est.)	775,000		37
1950	775,357	Orig. Est.	35
1955	760,000	(794,900)	30
1959	745,000	(790,700)	27
1960	740,316		27
1962	745,000		25
Projections:			
1970	750,000		22
1975	750,000		19

ALAMEDA COUNTY

Year	Population	Percent Of SMSA Total
1950	740,315	34
1960	908,209	33
1962	946,700	32
Projections:		
1970	1,110,000	32
1975	1,227,000	32

CONTRA COSTA COUNTY

Year	Population	Percent Of SMSA Total
1950	298,984	14
1960	409,030	15
1962	448,200	15
Projections:		
1970	560,000	16
1975	645,000	17

MARIN COUNTY

Year	Population	Percent Of SMSA Total
1950	85,617	4
1960	146,820	5
1962	166,700	6
Projections:		
1970	240,000	7
1975	292,000	8

SAN MATEO COUNTY

Year	Population	Percent Of SMSA Total
1950	235,659	11
1960	444,387	16
1962	492,800	17
Projections:		
1970	640,000	18
1975	726,000	19

SOLANO COUNTY

Year	Population	Percent Of SMSA Total
1950	104,833	5
1960	134,597	5
1962	144,900	5
Projections:		
1970	176,000	5
1975	214,000	6

Sources:

Bureau of the Census - 1930, 1940, 1950, and 1960.
Department of Finance - 1955, 1959, 1962.
Van Beuren Stanbery - Projections 1970 and 1975.

ROY WENZLICK & CO. ECONOMISTS APPRAISERS CONSULTANTS

APPENDIX I-2

SAN FRANCISCO DEPARTMENT STORES IN CBD

	Approx. Floor Area (square feet)
The White House	358,700
Roos-Atkins	126,000
City of Paris	226,435
Macy's	374,400
J.C. Penney	170,000
The Emporium	679,400
Hale's	75,900
Total (Including Hale's)	2,010,835
(Excluding Hale's)	1,934,935

APPENDIX II-1
COMPUTATION OF TREND FOR INCREASE IN OFFICE SPACE CORRELATED TO INCREASE IN POPULATION
(000's Omitted)

Year	X Metropolitan Population	Y Office Space (Sq. Ft.)	XY	X^2
1963	3,000	20,442	61,326,000	9,000,000
1960	2,783	18,702	52,047,666	7,745,089
1955	2,564	15,182	38,926,648	6,574,096
1950	2,206	13,604	30,010,424	4,866,436
1940	1,462	7,339	10,729,618	2,137,444
1930	1,348	7,851	10,583,148	1,817,104
	13,363	83,120	203,623,504	32,140,169
	$\overline{X}$ = 2,227	$\overline{Y}$ = 13,853		

I $\Sigma Y = Na + b\Sigma X$

II $\Sigma XY = a\Sigma X + b\Sigma X^2$

I $83,120 = 6a + 13,363\,b$

II $203,623,504 = 13,363a + 32,140,169\,b$

I $185,122,038 = 13,363a + 29,761,619\,b$

$203,623,504 = 13,363a + 32,140,169\,b$

$18,501,466 = 2,378,550\,b$

$7.778 = b$

$83,120 = 6a + 103,937$

$-20,817 = 6a$

$-3,918 = a$

Office Space Projections:

For 1970 based on population of 3,476,000

$Yc = a + b\,X$

$Yc = -3,918 + 7.778 \times 3,476$

$Yc = 23,118$ sq. ft. (000's omitted)

For 1975 based on population of 3,854,000

$Yc = -3,918 + 7.778 \times 3,854$

$Yc = 26,058$ sq. ft. (000's omitted)

APPENDIX III - 1

ESTIMATED PARKING SPACES IN
PLANNING AREAS X-1 AND X-2
SOUTH OF MARKET STREET

				No. Spaces
Parking Lots:				
X-2 (53.49 acres)	2,330,000 sq. ft.	@ 250 sq. ft.	=	9,320
X-1 (19 acres)	827,640 sq. ft.	@ 250 sq. ft.	=	3,310
Commercial Garages:				
15 garages		1,912		
Fifth & Mission		1,683		
Bay Terminal		600		4,195
Total				16,825

REDEVELOPMENT AREA

				No. Spaces
Parking Lots:				
North of Howard	296,900 sq. ft.	@ 250 sq. ft.	=	1,187
South of Howard	341,450 sq. ft.	@ 250 sq. ft.	=	1,366
Parking Garages:				3,160
				5,713

APPENDIX III-2

PARKING GARAGE CAPACITIES, OCCUPANCY AND RATES
SOUTH OF MARKET STREET

1. 166 Fourth Street
   Private garage occupied by News Call Bulletin
   Capacity: 125 spaces

2. 145 Fourth Street
   Attendants
   Rates: 2 hours @ 50¢; 3 hours @ 75¢; all day $1.00; $17.50 or $20.00 per month depending upon whether customer buys gasoline and oil at the garage.
   Capacity: 200 spaces
   Occupancy: 90% permanent parkers; additional business from between 15 to 50 transients per day; usually 100% occupied source of business - Market and Mission Street workers.

3. 799 Market Street
   Self-parking
   Rates: ½ hour 25¢; each additional ½ hour 20¢; over 6 hours $2.50; 75¢ maximum after 6 p.m.
   Capacity: 87 spaces including surface and basement
   Occupancy: Unknown but appears to have a high rate of turnover. It is probably used mostly for visitors at businesses on Market Street.

4. 730 Folsom
   Self-parking
   Rates: 75¢ per day; $13.50 per month for autos; $20.00 per month for trucks.
   Capacity: 42 spaces
   Occupancy: All permanent parkers estimated at 90% occupancy.

5. 690 Folsom
   Self-parking
   Rates: First floor $15.00 per month; 2nd floor $12.50 per month; 2 hours 50¢; 24 hours $1.25.
   Capacity: 80 spaces
   Occupancy: Appears to be completely occupied by permanent parkers (Manager was not available for comment).

6. North Side of Hunt between Third and New Montgomery (New Montgomery Garage)
   Self-parking
   Rates: 2 hours 50¢; each additional hour 25¢; $1.00 per day; $7.50 per month.
   Capacity: 140 spaces
   Occupancy: Parkers are mostly Mission Street and Market Street workers.

7. 628 Mission
   Attendants
   Rates: 50¢ per hour; $2.50 maximum; $30.00 per month
   Capacity: 100 spaces
   Occupancy: 30 permanent plus 180 transients per day. Permanent parkers come mostly from the neighborhood; transients are from the Palace Hotel and shoppers.

8. 135 Jessie
   Attendants
   Rates: 75¢ for 1 hour; 2 hours $1.00; each additional hour 50¢; 12 hours $2.00; maximum $2.50.
   Capacity: 90 spaces

9. Palace Hotel Garage on Stevenson
   Attendants
   Rates: Same as #8 at 135 Jessie.
   Capacity: 185 spaces

10. Bridge Terminal Garage
    Attendants
    Rates: 1 hour 25¢; 24 hours $1.50; $20.00 and $22.50 per month.
    Capacity: 600 spaces (leased from Bay Bridge authority).

11. Stevenson Garage
    Attendants
    Rates: 35¢ one hour; 35¢ each additional hour; $1.50 per day; $25.00 per month.
    Capacity: 300-350 spaces
    Occupancy: Manager states that this is unknown.

12. 521 Mission (Industrial Center Garage)
    Rates: 35¢ per hour; $1.50 per day; $25.00 per month.
    Capacity: 160 spaces
    Occupancy: 85 permanent plus 130 transients per day.

13. Call Building
    New Montgomery and Jessie
    Private garage
    Capacity: 100 spaces

14. 49 Fourth Street Building - U.S. Government
    Basement and ground floor, private parking
    Capacity: 173 spaces est.

15. Pacific Telephone and Telegraph
    140 N. Montgomery
    Private garage
    Capacity: 70 spaces